The MAGAZINE of WALL STREET

May 17th 1930

G. Wyckoff
PUBLISHER

35 Cents a Copy

Has the Market Taken Its Medicine?

Rails in the Buying Zone

What's Ahead for Business

Vol. 46 No. 2

Member of Audit Bureau of Circulations

CONTENTS

Vol. 46. No. 2. **May 17th, 1930**

The Ticker Publishing Co. is affiliated with no other organization or institution whatever. It publishes only The Magazine of Wall Street, issued bi-weekly, and the Investment and Business Forecast, issued weekly

Copyright and published by the Ticker Publishing Co., Inc., 42 Broadway, New York. N. Y. C. G. Wyckoff, President and Treasurer. E. Kenneth Burger, Vice-President and Managing Editor. W. Sheridan Kane, Secretary. Lael Von Elm, Business Manager. Thomas F. Blissert, Financial Advertising Manager. The information herein is obtained from reliable sources and while not guaranteed, we believe it to be accurate. Single copies on newsstands in U. S. and Canada, 35 cents. Place a standing order with your newsdealer and he will secure copies regularly. Entered as second-class matter January 30, 1915, at P. O., New York, N. Y., Act of March 3, 1879. Published every other Saturday.

ADVERTISING REPRESENTATIVES—Atlanta, A. E. Christoffers, Walton Building. Baltimore, W. L. Towner, 1115 Lexington Building.

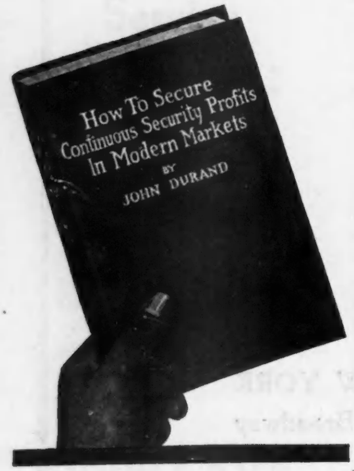
SUBSCRIPTION PRICE $7.50 a year, in advance. Foreign subscribers please send International money order for U. S. Currency, including $1.00 extra for postage (Canadian 50 cents extra).

TO CHANGE ADDRESS—Write us name and old addresses in full, new address in full, and get notice to us three weeks before you desire magazine sent to the new address.

EUROPEAN REPRESENTATIVES—The International News Company, Ltd., Breams Building, London, E. C. 4, England.

Cable address: Tickerpub.

This Valuable Book FREE



Regular book size, 205 pages, profusely illustrated with charts and tables. Richly bound in dark blue flexible fabrikoid, lettered in gold.

"HOW to Secure Continuous Security Profits in Modern Markets" contains the principles upon which the experts of THE MAGAZINE OF WALL STREET base their selection of securities which bring substantial profits to so many of our readers. Through the practical and interesting advice in its pages, you will be definitely guided in knowing HOW, WHAT and WHEN to BUY and WHEN to SELL to your advantage. It is a book that may make or save hundreds of dollars for you—one that every investor or trader should have—and you can still obtain it FREE.

A FEW CHAPTERS

Factors Necessary to an Understanding of the Modern Market.
The New Status of the Common Stock.
A New Method for Valuing Common Stocks.
Market Manipulation Under New Conditions.
How to Profit by Stock Dividends and Rights.
How to Take Advantage of Basic Developments in Industry.
Picking the Giants of the Future.
Trading Opportunities in Investment Issues.

"How to Secure Continuous Security Profits in Modern Markets" is the latest book by John Durand, famous author of "The Business of Trading in Stocks" and "The New Technique of Uncovering Security Bargains."

FREE with Yearly Magazine Subscriptions

AS a subscriber to THE MAGAZINE OF WALL STREET, you will receive 26 issues every year—one every two weeks—each giving many specific security recommendations for your profit and filled with money-making facts and information. It is truly "The Voice of Authority in the Financial Field"—rendering a consistently profitable service to its subscribers—putting them on the right course and keeping them in touch with developments in the securities they hold, the trend of industry and the current technical position of the market.

Added Inducements for Quick Action

Mail the coupon below immediately and you will also receive, as long as they last, THE MAGAZINE OF WALL STREET'S:

Three New Investment Guides

1. "How to Study the Market."
2. "A Simple Method of Analyzing Financial Statements."
3. "How to Detect the Beginning and Ending of Major Market Movements."

A Unique Personal Service

YOU will also be entitled to the full consultation privileges of our Personal Service Department without any additional cost. Your inquiry regarding securities which you hold or contemplate buying, the status of your broker, etc., (limited to three questions at one time) may be sent us by letter or telegram and will be answered by personal letter or collect wire as requested.

The opinions and advice given to our subscribers by our Personal Service Department must meet every test of accuracy and represent the combined judgment of specialists. ***They are not superficial one-man replies,*** as is so frequently the case with some organizations because of the tremendous expense involved.

This unique service alone can be worth thousands of dollars to you. Through many other sources it costs hundreds. The continuous patronage of our many thousands of annual subscribers enables us to render it to you FREE.

SPECIAL OFFER COUPON—CLIP OUT AND MAIL TODAY

THE MAGAZINE OF WALL STREET,
42 Broadway, New York, N. Y.

May 17, 1930.

ENCLOSED is $7.50 to cover my subscription to THE MAGAZINE OF WALL STREET for one year (26 issues). I understand that my subscription will entitle me to:

1. **Full Consultation Privileges of your Personal Service Department.**
2. **"How to Secure Continuous Security Profits in Modern Markets."**
3. **"Three New Investment Guides."**

$12.50 will cover a two-year subscription—52 issues—and entitle you to all of the above.

PLEASE have your Personal Service Department write me a personal letter concerning the outlook for the following securities:

1. ....
2. ....
3. ....

Name .... City ....

Address .... State ....

WITH THE EDITORS

How Is Business?

WHAT is the outlook for business?

"I expect generally good business in the latter months of the current year," says the statement from the president of one of the world's largest corporations. In the opposite case, however, a leading motor car manufacturer and business sage says in effect: "I do not feel that recovery to normal is a nearby prospect. Conditions in the winter of 1931 will probably be worse than those recently experienced, particularly as regards employment."

A group of economic professors envisage business as distinctly on the mend, but at the same time a statistical organization of equal standing is bearish on the outlook.

The banks give out one story, the newspapers carry another. The man in the end seat next to the window in the smoking compartment tells us that business generally is good. His sales are ahead of last year. He is selling a popular labor saving device. The man near the door however, grows apoplectic over his own conviction that the country has fallen into economic desuetude. His line has gone completely to the dogs.

"Is all this confusion of thought justified?" we ask as we try to pierce the fog. As is usually the case, the truth concerning the course of business probably lies between the extremes of all the views presented and is the resultant of many forces. Why then is there such a divergence of opinion?

Probably the two gentlemen in the smoking compartment provide the best clue to the difficulty. Like many other observers, they view the entire situation through the lenses of their own business, just as some economists measure the prospects by means of their own pet statistical indices. The result is the same in both cases. Unwittingly, undue emphasis is given to only one, or at best a few phases of business. And naturally in this complex age of industry and finance, when hundreds of factors bear on the course of economic progress, no single standard —nor any particular industry, no matter how basic, can serve as a key to the whole. The advocate of steel operations as the prime indicator of business, like exponent of car loadings or electrical output or bank clearings is as far from the true appraisal of future conditions as the hosiery manufacturer who evaluates national business in terms of his own sales terms.

The successful student of business progress does not base his conclusions on individual or institutional opinions no matter how impressive the source from which it emanates, nor on a few statistical indices. It is rather in the weighing and analyzing of *the many* factors of trade, industry and finance which have come to play related parts in the intricate science of modern business that he arrives at the true appraisal of the outlook and sees the picture in proper perspective.

In the Next Issue

How the New Tariff Wall Will Affect Individual Industries

This article will prove an invaluable aid to investors. The schedules shortly to be submitted to the President will cause drastic readjustments in the position of leading companies in a number of industries. You will want to know whether your present or prospective holdings will be benefited or handicapped.

By W. B. K. Dove

Does the Size of Modern Business Demand Bigger Banking Machinery?

Are Group and Chain Banking Necessary Developments? What is the difference between them? Which is better? These and other vital questions to business men and bank stockholders will be discussed

By Theodore M. Knappen

Investment Opportunities in Companies Over Which a Contest for Control Centers

An interesting and profitable group of special situations selected and discussed.

Investment and Business Trend

The Truth and Nothing But the Truth—A Thousand Economists Speak — Prices and Supplies — Higher Bonds — An Over Abundant Supply of Capital — The Market Prospect

"THE TRUTH AND NOTHING BUT THE TRUTH"

WHEN a fire threatens the destruction of a crowded auditorium it is folly to advise the people of the full gravity of the situation. It is equally foolish to tell them to remain seated when the flames are bursting through the floor.

When the stock market crash came last fall, everybody from President Hoover down minimized the possible consequences to business. That was good policy, for if the public had fully understood what was to follow, there would have been a mob hysteria that would have made the aftermath much worse—possibly have brought on a general financial and commercial panic. But it is impolitic to keep on telling the public that times are getting better when it knows that they are not: every such false assurance makes people fear that they are getting worse.

The public has been fed soothing syrup until it nauseates. Starting with misleading official statements in regard to the revival of employment in January down to the President's rosy statement to the Chamber of Commerce of the United States, we have been authoritatively assured right along that business has turned the corner. The last dose of "hooey" was too much even for the anticipatory bent of the stock market. The "good news" collided with what every man knows, and the market rejected mirages and bowed to the facts.

All danger of a panicky state of mind demoralizing the business world was put behind us months ago. There is abundant justification for satisfaction that the situation is as good as it is. It is being courageously and constructively faced. Time and work are the cures and facts for guidance. To blandly tell men sweating in the muck of the struggle that their job has eased may encourage a few but it will only embitter the most of them. Contrasting the pretty public picture with the ugly facts of their own experience destroys their confidence in faithful reports of the situation. . . . During the World War rosy communiques came near to wrecking the morale of the soldiers.

A THOUSAND ECONOMISTS SPEAK

THE economists have always been wrong about the United States. Failing to make due allowance for our exceptional economic position and struc-

ture, they have generally held that our protective tariff policy was ruinous. That appeal of a thousand economists to the President to veto the tariff bill will leave the public cold. The chances are it will also leave Mr. Hoover cold.

The facts are that our economic structure is now changing to one to which the broad theories of the economists are applicable. Our development has carried us beyond the continent that once sufficed. We are organized and geared for world trade, and must have it to maintain our business pace. We have made the world our debtor and we cannot deny it the means of payment if we expect engagements to be fulfilled. The dream of self-containment and happy isolation is over. We have had free trade on a continental scale, despite the tariff barrier at the boundaries. Now we require not free trade but greater freedom of trade abroad. The policy that was good for a hundred years will be a handicap in the future. The thousand of economists are right. The new tariff law will be recorded later as an act of national folly—obstructive to foreign trade and contrary to manifest national destiny.

MORE ACTIVE BONDS

LOWER interest rates and abundant funds are providing the usual buoyant effect on the bond list. It is true that some sympathetic decline took place when stocks were at their weakest in the early days of the current month, but increasing foreign demand and heavy institutional buying has strengthened prices with prospects of further gains during ensuing weeks. The inclination of the average individual American investor is still of course largely toward common equities, but relatively attractive yields are drawing the European buyers to American bonds to an even greater degree than to the investment grade common stocks. Life insurance company and banks, are ready buyers of municipal and public utility issues which are appearing in increasing volume.

PRICES AND SUPPLIES

LOWER prices are commonly expected to stimulate demand, to bring forth fresh buying at relatively attractive levels; but this is not always true. It is not demand alone which makes prices, but the relation of demand to supply. A few weeks ago the price of copper was reduced from 18 to 14 cents. Yet buying hesitated; and still more recently the price receded further to 12½ cents, the lowest level in six years. Will this result in the needed buying wave from domestic and foreign consumers? On the face of things it should. Consumption of copper the world over has been mounting, current low prices will discourage the use of substitute metal, and stocks of copper in consumers' hands are of modest proportions. But the question cannot be answered without reference to supply. And by supply is not merely meant the actual stocks of the producers, which have weighed heavily on the market these many months, but the more intangible and potential supplies of the metal. Copper, it must be remembered, is an imperishable commodity. Its use does not actually consume it, and sooner or later much of it comes back on the market. Each year this volume of secondary and scrap copper looms larger and competes more aggressively with the virgin metal. Again there is the foreign production which shows increasing possibilities to at least partially supply the market of the world. Newly developed deposits of copper in Canada and South Africa must be reckoned with in any appraisal of the world's supply. These factors are in the mind of consumers. They have contributed to the weakness in the price structure of the metal and have definitely modified the enthusiasm which lower prices were expected to engender. A bargain price must suggest the element of scarcity before it is literally worthy of the term.

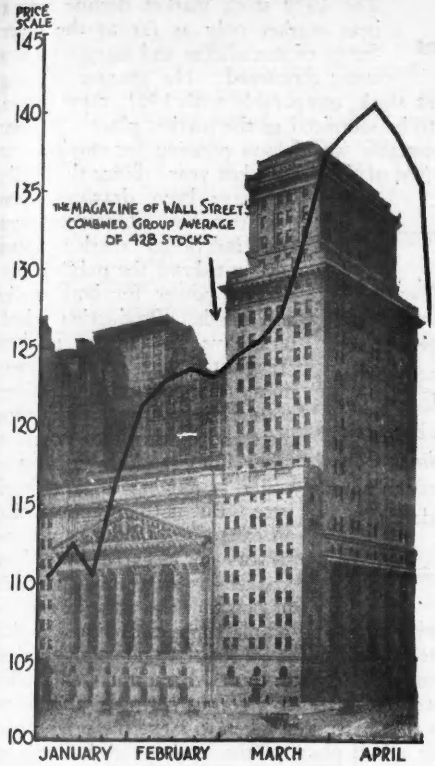
AN OVERABUNDANT SUPPLY OF CAPITAL

THERE are numerous indications that the United States has more investible capital on hand than it has ready outlets for the employment of liquid capital. On May 7th, the combined ratio of the twelve Federal Reserve Banks was 83 per cent which is as high as it has ever been in the history of the system, excepting of course the formative years of the system up to 1917 or 1918. Outstanding Reserve credit is at low ebb, in spite of the open market bill operations of the Reserve Banks and their heavy additions to holdings of Government bonds. Federal Reserve notes outstanding have seldom been as low. With business running at a lower pace and commercial borrowing slack, the stock market remains an important outlet for employment of the plentiful funds now available. The effect of changes in the demand for credit for speculative use on the money markets was well illustrated during early May, when market borrowing was sharply reduced. The actual shrinkage of dealer borrowing from the banks and private lenders amounted to 200 million dollars. This large amount rather suddenly becoming available, brought time loans and commercial borrowing rates down to the lowest level of the year and made it necessary for the New York Federal Reserve Bank to cut its purchasing rate for acceptances down to 2½ per cent, merely to meet the open market rates of leading dealers in this class of paper. If the stock market itself should reach a saturation point for collateral borrowing, which might easily occur with any further decrease in speculative interest in the stock market, the problem of finding some outlet for liquid capital would become even more acute. The much discussed placement of Reparation Bonds in this market, would only be a drop in the bucket, amounting to considerably less than half of the reduction in brokers' loans for a single week of declining stock market prices.

THE MARKET PROSPECT

A COMPREHENSIVE discussion of the present and prospective position of the stock market appears on pages 89-91.

Monday, May 12th, 1930.



Investment Influences Feature Current Market

New Tactics Must Be Used to Obtain Success in Highly Selective Market

By A. T. Miller

THIS would be a good time for someone to declare a New Year's Day in Wall Street. It is a fitting moment, we believe, for one to cast off the old and take on the new; to discard a few of the old threadbare theories and adjust one's market point of view to correspond to current conditions. We are in a phase of the stock market where "boom" factors no longer predominate. Investment influences are slowly but surely coming to the fore. As a nation of investors, it will be good for our souls to tear off the old leaf from our financial calendar—as it will also be good for our pocketbooks.

For, there are a number of factors which we have come to depend upon to determine the future course of security prices, which no longer seem to operate with the same force as in the past. It is better to be mentally receptive to new influences than to continue to suffer disappointments by expecting too much from decadent influences which are no longer as effective as they were in the past.

Does Cheap Money Stimulate Prices?

One of the most prominent of the current market theories which we would like to nominate for an inconspicuous place in the archives of past history, is the theory that a stock market boom can be germinated on cheap credit and low money rates irrespective of general business conditions and corporate earning power. Economists have told us that the 1928-1929 bull market was conceived in the easy money era of 1927, when the Federal Reserve Board inaugurated a policy of credit inflation to encourage gold exports. This view subsequently became the basis for bitter attacks on Federal Reserve Board policy and is even now being revived by those who "view with alarm" the possibility of another market boom because of the low level of money rates and decreases of Federal Reserve Bank rediscount rates.

The writer scouted this theory in a recent article in this publication. What happened both in the stock market and in credit developments since that article appeared has thoroughly justified our position. We are not merely resting our case however on the market decline that occurred the latter part of April. The market then occupied a vulnerable position for a technical reaction, irrespective of credit developments. But the fact that a world reduction in central bank rates, intensified the corrective movement to such severe proportions as was witnessed, makes the view that cheap money alone can sustain high stock prices, entirely untenable.

What happened in early May was this: On May 1st, the three strongest central banks in the world, The Bank of France, the Bank of England and the Federal Reserve Bank of New York, simultaneously reduced their rediscount rates to the lowest levels that have prevailed since the war. Whether or not any previous arrangement was made among the officials of these banks, we are not prepared to state, but it is a matter of record that in each individual instance the reduction was forced by prevailing credit conditions. Open market money rates were low in France, London and New York, not because of central bank policy, but rather because of the prevailing business hesitation and industrial recession in the three countries which these centers represent. In each of these world money centers, strictly investment markets were firmed by the lowered bank rates and in each one, particularly in New York, the speculative markets were badly unsettled.

Too Much Confidence

Speaking strictly from the stock market standpoint, we American people now find that we are a little too hopeful and courageous a folk. When business generally was seen to have felt the effects of the 1929 stock market decline rather severely, we said to ourselves: stock prices will recover in order to discount the improvement that will take place in 1930. When the industrial revival was seen to be

somewhat slower than first expected, we said to ourselves: never mind, with abundant liquid capital on hand and low money rates, stock prices will continue to advance in spite of business. But here we put our hope and faith to too severe a task. It is undoubtedly true that easy money and ample credit have stimulated an investment demand which broke the shock of the early May decline, but it seems to have failed miserably to engender a stock market boom. Furthermore, it does not seem likely that the stock market will resume any semblance of a real old fashioned bull market, until a definite improvement in business conditions and an upturn in corporate earning power is either at hand or immediately in prospect.

"As far, as the investors are concerned, we believe that some of the reserve buying power might now be released to very good advantage but we would caution against over-buying in a market that has not as yet found a fixed price trend. . . . For both investors and traders, the risks have been considerably reduced by the recent price decline. Consequently, we believe that trading activities can now be resumed with a good deal more confidence."

Bull or Bear Market

To get back to this idea of a New Year's Day in Wall Street, one of the things that we would "ring out," is the idea that we are in a bull market—one in which everyone has plenty of money to buy stocks and will make more money irrespective of their security selections. And one of the things that we would "ring in" is the idea that we are in a market that must look more to investment buying for support than to speculative enthusiasm.

We have carefully avoided the use of the word "bear market" so far—in fact, so carefully that now we wonder whether readers will be tempted by our meticulous selection of words to "read between the lines." In other words, do we mean that we are in or headed for a bear market or don't we? Well, we do not mean bear market. The common understanding of what the term bear market implies does not fit into anything that we see ahead for the market prospect. If and when, it does, we will come right out and say so.

Wall Street has a way of cultivating certain "thought habits" that sometimes prove to be very costly. One of these is the traditional notion that we must either be in a bull market or a bear market. In its wide and interesting terminology, Wall Street has no word to represent a market that is neither bull nor bear. Consequently, we struggle with such terms as "irregular," "selective" and other such adjectives, hoping to make ourselves clear and perhaps falling a little short of our hopes. Until someone coins a suitable term (and the best contribution that we can offer is "investment market") we must state simply that the current market is neither a bull nor a bear market.

A bear market essentially implies, the near-exhaustion of the nation's capital reserves—a cyclic period in which a large portion of the stock market participants are compelled to convert security holdings because of a general insufficiency of capital. The last period of this kind which we have experienced was in 1920 and 1921. In the latter year, Steel sold at 70, American Tel. & Tel. at 95, American Can at 23, Atchison at 77 and New York Central at 64. These companies are mentioned because they have not materially changed their capitalization since then and have grown only about in proportion to the growth of the nation in these nine years intervening. Their real intrinsic worth in 1921 was essentially what it is today, yet they reached these levels because many owners of such shares were compelled to liquidate because of inadequate resources. Far more sensational examples could be quoted, of course, of the distress quotations for stock investments in that period.

Drawing On Reserves

The 1929 stock market decline was a bear market only as far as the outer fringe of speculators and margin traders were concerned. No amount of long pull investment stock, comparable with 1921, came out of strong boxes to be sacrificed in the market place. A huge amount of investable wealth was pressing for employment at the very height of the decline last year. Since the break, we have been drawing upon our reserves. Unemployment and individual market losses have cut down the public's purchasing power for both stocks and goods. Production schedules have slowed up; markets are glutted with goods in some lines; competition and lower output is raising production costs and cutting into profits in other lines; and, business generally is moving at a reduced pace. But nothing approaching an exhaustion of our capital reserves—an essential of a bear market—is either at hand or in prospect. To this extent, at least, low money rates and ample supplies of liquid capital serve an important role on the constructive side of the market.

Still one cannot fairly say that we are in a bull market either, in spite of the rather vigorous spring rise in prices and the pains that have been taken to make the price movement resemble a bull phase of the market. A bull market implies several factors—first a basis for the advance in general business expansion or growing corporate profits; second, sufficient public interest and participation in the market to sustain the rise and, third, ample credit to finance the bull movement. Not all of these three factors are present today.

One of the most comprehensive studies of first quarter industrial earnings was recently made public by the National City Bank and showed that 200 leading concerns made net profits of 293 million dollars, compared with 362 million dollars in the first quarter of 1929. A count of the individual companies showed that six out of ten had lower earnings in the 1930 quarter than last year. There is no foundation for a bull market here, except for the four out of ten companies, which is just about what is happening in the market at present.

What Kind of Buying?

General public participation in the stock market is another doubtful factor, in spite of the eight million share session in early May. With volume of transactions averaging as high or higher than during the sharp rise in the late Summer and Fall of 1929, there is much reason to believe that a much larger percentage of these transactions is professional or semi-professional in nature. The purchase of stock for control or for commercial and financial advantages owing to new situations in our banking and business methods is a source of a good deal of such professional activity. Professional commitments, essential to the successful consummation of mergers and consolidations is another such factor—not to speak of the numerous large and small pools and the professional operations undertaken for support in an irregular market period or distribution on the advances. Unfortunately, there is no way of segregating the buying and selling of the general public from the professional operations but familiarity with the nature of current activity on the exchange and careful observation of the

character of the present transactions fails to disclose any volume of public participation comparable with last year. A market that can rise to a volume of over eight million shares in a critical session and fall to three million shares a few days later gives a fair indication of the highly professional source of the transactions. The collapse of several pools operating in stocks that heretofore have been fairly inconspicuous is another clue that is highly indicative of public apathy toward the exchange dealings at present.

It is true that there remains the one constructive factor of low money rates. But here again the abundant supply of credit is not readily available to the general public at the low costs of money that receive so much publicity. There are few non-professional investors or traders who are paying less than 5 per cent on debit balances and the average rate of bank borrowing remains at 6 per cent and upwards in many sections of the country—notwithstanding the 3 per cent rediscount rate in New York City. And there is no "spread" in favor of the investor, between the average costs of his stock market borrowing and the average yield on the better grade of investment stocks at current quotations. Thus, while low money rates might be expected to encourage investment demand for securities, simply through the pressure of liquid capital seeking employment at a better rate than is available on commercial paper or acceptances, there is little reason to anticipate a rise of speculative enthusiasm on cheap money alone.

What To Do

In a market that is not exactly a bull market, yet is even further removed from anything that we could call a bear market; with investment influences predominating and speculative enthusiasm at a low ebb, what kind of a security buying program will produce the best results? This question is, after all, very much to the point for readers who have followed the advices in these columns, for it is assumed that collectively they have available a reserve fund of sizable proportions for the purchase of good securities at this time. Before the April decline in prices, traders were advised to take a position on the side lines and investors have been counselled to hold ample cash resources on hand in anticipation of more attractive investment opportunities to materialize later on.

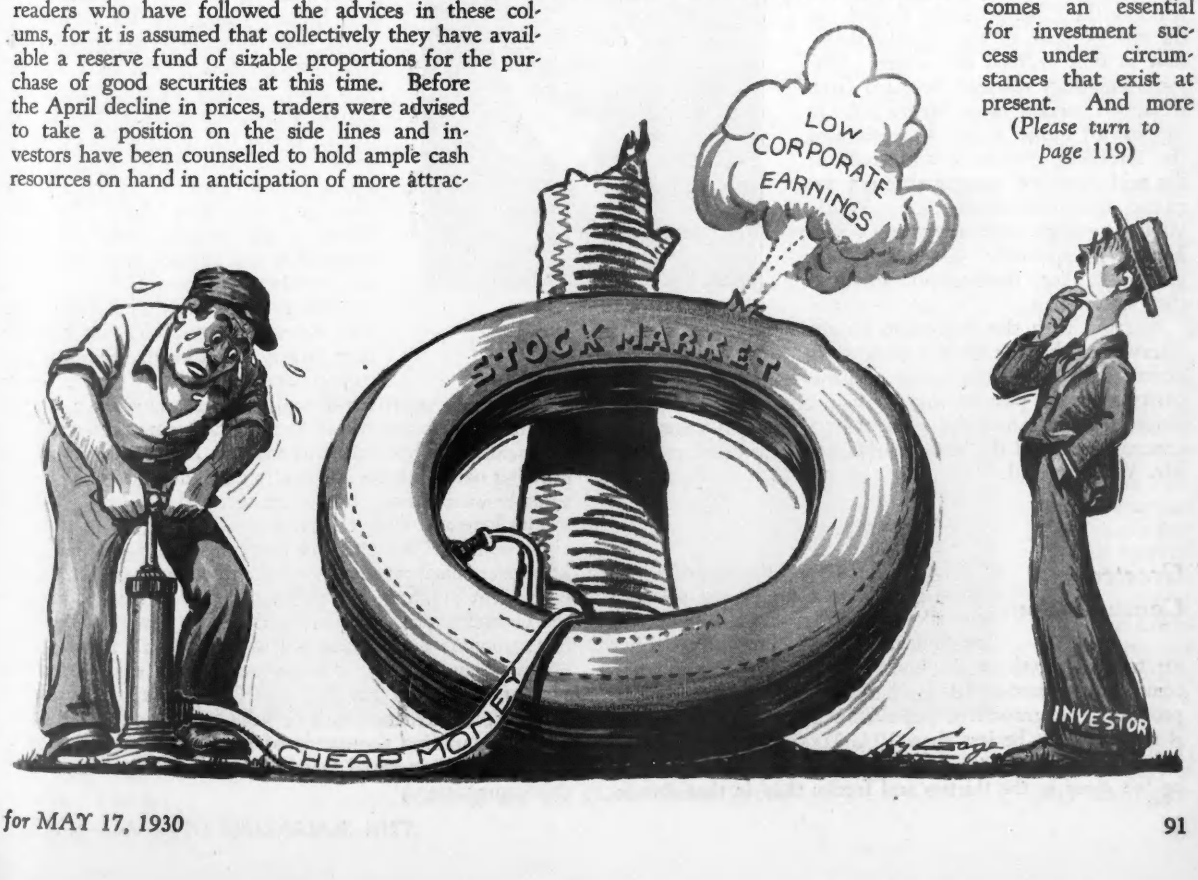
If we were in a bull market, one might feel quite confident about flashing immediate buying advices with the market now in a dull stage, immediately after a drop of over twenty-five points in the familiar market averages. Yet in this current sort of fifty-fifty bull market, which does not warrant indiscriminate buying merely because price levels are lower, the problem is not quite so simple. Investment influences have a tendency to bear down on the general market price level.

An excellent example to illustrate this point is the railroad stocks. Characteristically an investment group of stocks, they have not been subjected to sufficient pressure to cause drastic unsettlement and the selling which they have been called upon to absorb has not been particularly important. Yet, the big demand for most of the better rails is always found a little under prevailing quotations. Investment interest becomes aroused on reactions but fails to create the kind of buying that will carry through and sustain the rallies. Consequently, the most satisfactory investments in the rails are being obtained by those who exercise patience.

This same tendency is spreading to other groups. If the market is going to lean on similar investment support until the industrial and business picture becomes a little less obscure, the same sore of patience will have to be exercised to make the most satisfactory investments throughout the list.

Cautious Investing

As far as investors are concerned, we believe that some of the reserved buying power might now be released to very good advantage but we would caution against overbuying in a market that has not as yet found a fixed price trend. Patience, which is always a desirable quality, becomes an essential for investment success under circumstances that exist at present. And more (*Please turn to page* 119)



¶ *Recently advanced theories to the effect that American business has reached the limit of expansion fall before the evidence of vast potentialities before us in the march of science, growing markets at home and abroad and further development of natural resources.*

When Business Strikes Its Stride

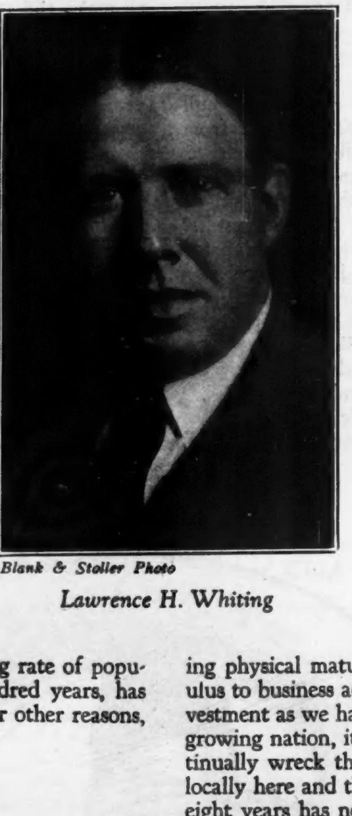
An Interview With the Brilliant Chicago Business Builder

LAWRENCE H. WHITING

By a member of the Editorial Staff of The Magazine of Wall Street

OLDER men sometimes forget that the world does not get older with them. It is always a new and wonderful world to the new generation of men of action. That was the thought that came to the writer as he talked with Lawrence H. Whiting in his spacious office.

The scene was one of action and inspiration. Outside lay Lake Michigan shackled by commerce; underneath the window the Chicago River flowed, by the will of man, in the opposite direction to that decreed by nature. Majestic buildings towered skyward from reclaimed terrain once hardly able to support an Indian tepee. One visioned the throbbing commerce and trade of the mid-continent surging through dynamic Michigan avenue. . . . Youth, vitality, energy and adventure—with Mr. Whiting—only 40—soldier, engineer, banker, business executive as their spokesman.



Blank & Stoller Photo

Lawrence H. Whiting

Starting with the suggestion by the interviewer that the United States may never again have such bursts of prosperity as in the past because of the declining rate of population growth; which for more than a hundred years, has annually enlarged the home market—and for other reasons, Mr. Whiting said:

Greater Consumption

"While it is true that the rate of population growth is declining the absolute annual increment is still large and will continue to be an important contributor to the growth of the home market for many years to come. In the last decade we have gained about 17,000,000 people. The growth of population in the present decade is not likely to be less than 10,000,000 and the economic influence of the 17,000,000 increase of the past decade will be felt more in the thirties and forties than in that decade, because it was chiefly due to excess of births over deaths rather than to immigration. Productive adults contribute far more to the business movement than young children.

"Moreover, owing to increased productivity and correspondingly increased consumption each unit of the population in this decade will contribute more to the total volume of demand for goods than in the past. Therefore, it may be safely said that the population trend will be without deterrent business consequences in the near future. We shall continue to enjoy the benefits of population growth for a long time. When our population ceases to grow there will be compensations. More people may be as undesirable then as they have been desirable. France is an example, with stationary population and greater prosperity than her growing neighbors.

"The pessimistically inclined, noting that American prosperity has hitherto been largely if not chiefly continued by construction, assume that we are reaching physical maturity and will no longer have such a stimulus to business activity as we have had from productive investment as we have hitherto enjoyed. America is not only a growing nation, it is a constantly changing nation. We continually wreck the old in order to build the new. Except locally here and there the great building activity of the past eight years has not given us a surplus of housing facilities. Moreover, until recently we have done comparatively little permanent building. Of the 21,000,000 dwelling houses in the United States a majority will be torn down and replaced or thoroughly modernized in this generation. I look to see building continue on a larger scale than ever, after the present depression has passed. The problem of financing residence construction will be solved. A single mail order house is building thousands of small residences this year. Local building material merchants and builders are meeting this competition.

"What is true of building is also true of heavy and engineering construction. Take the railroads. It is a fact that we are adding nothing net to railroad mileage, but additional trackage and new or renovated terminals are calling for more capital than was expended yearly in the height of the original building boom of the last thirty years of the Nineteenth Century. Just to mention some of the railroad construction now going on that comes to mind: the Illinois Central's terminal development in Chicago will cost $130,000,000; the Pennsylvania is to spend $60,000,000 on the new terminal at Pittsburgh, to be undertaken next year. The same road is spending more than a 100 millions in Philadelphia; $90,000,000 is being expended in Montreal; $10,000,000 is being spent this year to complete the new terminals in Los Angeles; St. Louis is adding to the largest passenger terminal headhouse in the world; it will take $25,000,000 to $30,000,000 to complete the new passenger terminals in Cleveland; Fort Worth and New Orleans are scenes of the expenditure of I don't know how many millions for new terminals. Cincinnati terminals involve $175,000,000.

"Much as we have done in the way of good highways we have only begun to build them. And most of those we have built will have to be rebuilt and are being rebuilt. We still have less than 200,000 miles of good roads out of a total mileage of more than 2,000,000. Now that they who ride and haul on the highways are paying for them through the gasoline tax, the problem of direct taxation no longer vexes. Indiana has no state debt, yet it has the largest extent of concrete and other hard surfaced highways in proportion to area and population of all the states. Wisconsin is debtless and yet it has a magnificent highway system. Highway started expenditures this year will be the greatest in history, and they will continue at much the same pace for many years.

Millions for Institutions

"Of the building of public and quasi-public monumental structures there is no end. Consider the housing of educational institutions, philanthropies, charities and the boom in prison and jail building, which latter doesn't sound so good from the standpoint of social progress. I suppose there is not less than $200,000,000 of school and college building going on at this moment. The way great estates are going into the endowment of educational institutions and various foundations may even raise up a serious social problem, comparable to that of the Middle Ages when ecclesiastical institutions absorbed about all the wealth that the marauding barons spared. It is not unusual to find great universities, like Harvard, Yale, Drake and Chicago with endowments of $50,000,000 or more.

"But for the serious setback we encountered last Fall, 1930 would undoubtedly have been by far our greatest construction and building year in dollar volume. In the face of the business pause we shall, nevertheless, inaugurate, if not complete, the greatest volume on record.

"There is no cause to worry about construction continuing to energize prosperity in the near and distant future, as it has in the past. Prosperity is mostly a matter of keeping the nation's savings from year to year productively employed. That means affluence for the investor, jobs for labor, activity for business."

Further Stimulation

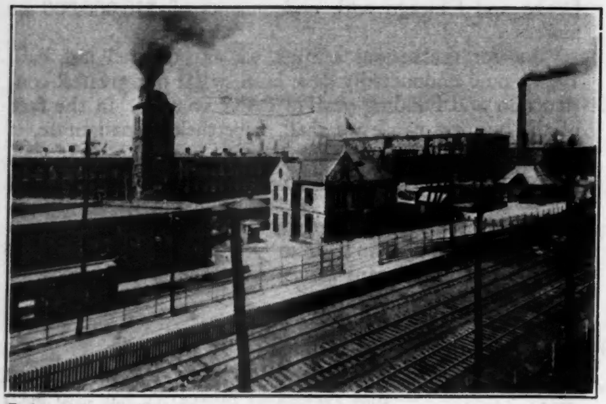
The interviewer here made the point that American prosperity has also been largely due to the stimulation of new industries, such as automobiles, moving pictures, electricity, radio, etc., and that it has been held by some authorities that the day of such great innovations is about over.

Mr. Whiting laughed, and commented: "If science has come to the end of its course, if it has no more new knowledge to pass on to industry or if industry should lose interest in its application that might be true. Perhaps there may be no more such universal innovations as we have had in the last thirty years but there will be more limited ones than ever. When stage coaches got up to forty miles a day between Boston and New York their progress was compared to the speed of lightning, and observers considered that the acme of transport had been reached. The problem will not be new things but that of financing their distribution. We are very far from a condition of overproduction as compared with consumptive capacity, if the two could be kept in balance. But we are making great strides in that direction. We all buy with what we sell, that is, with what we make. With the per capita income still less than a thousand dollars a year we are obviously a long way short of general overproduction, viewed in the light of satisfaction of potential demand.

"But talking of consumption, don't forget the foreign world and the expansion of our exports. Why, the bulk of the world's population is only on the fringes of the industrial era. Mere subsistence is still the goal of at least a thousand million people. The political turmoil in China and India with their 700,000,000 people is bound to be followed by economic unrest and advance. Increase their economic demand by only $10 a head—and I admit that that would be an enormous rate of gain—and it means a total of $7,000,000,000 a year. Even if only a very small per-

Ewing Galloway Photo

Skyline of Chicago Showing Chicago River, the Wrigley, Tribune and Bell Buildings and the Giant Mather Tower



Ewing Galloway Photo

Corduroy Mill at Knoxville, Tenn.

centage of those people can be brought to an approximation of our standards of living the stimulation of our foreign trade will be marked. The improvement of transport is a fundamental means of bettering living standards. The Chinese coolie on twenty cents a day or less pays more for freight than an American mechanic on $15 a day. Railroads are needed, but I believe that improved transport in these countries will be more in the way of automobiles and airplanes. A stupendous amount of highway building impends the world over. The building of those highways and supplying them with autos and trucks will make business for us. The air is an open highway to any place, and airplanes will mean more to backward countries than they do to us. Just the other day an airplane company with which I am a director shipped 19 planes to China."

Depleted Resources?

"Returning to the domestic situation," the interviewer remarked, "but are we not getting to a stage where our growth will be checked by the exhaustion or depletion of the natural resources which have had so much to do with making us the wealthiest nation in the world?"

"I cannot believe so," was the answer. "Take oil: we had quite a scare over its predicted exhaustion a few years ago. Now there isn't much worry about what will happen in this generation. The problem now is not of the oil reserves but of conservation of current production. We were talking a little while ago of new things. One of these days our engineers and chemists may give us something to take the place of gasoline in engines—cheaper, at least as good and perhaps better. Another new industry to propel prosperity as petroleum, perhaps, retires from the field. Then there's timber; many prophets have read national ruin in the felling of the forests. They fail to note that the forest problem is already one of disuse rather than over-use of timber.

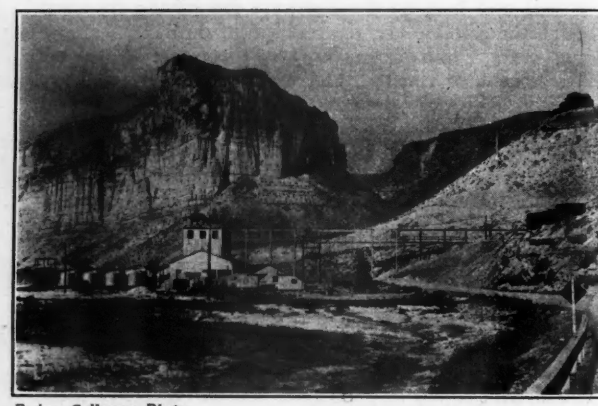
Courtesy, Turner Construction Co.

Typical Great Terminal Warehouse

"The forest industries have a tough time finding outlets, so rapidly are other industries invading their markets. In the time of Napoleon, British Jeremiahs said that the depletion of the oak forests of Britain spelled the eclipse of Britain as a maritime power. No oak, no ships—they reasoned; but the steel ship made their logic absurd. We can produce easily all the timber this country will ever require on the 500,000,000 acres of forest land.

"There has been grave concern over the probable exhaustion of our best and most accessible iron ores in the next 25 years. In view of the enormous quantities of iron ore that may not be quite so good, this is borrowing trouble—with science on the job.

"Soil exhaustion is another bogey. For the present we have too much farm land. If erosion has taken away the soil of 38,000,000 acres the supply and demand situation in agriculture has been helped.



Ewing Galloway Photo

Wyoming Refinery Producing Kerosene from Shale

"We needn't worry about our natural resources. I keenly favor conservation and the elimination of waste, but each generation owes its loyalty chiefly to itself. They were greatly concerned in New England about the disappearance of the forests more than 150 years ago. Suppose some conservationist had been powerful enough to introduce a program of planting a tree for every one cut. We might as well have left the country to the Indians."

Over the Hill in Comfort

"But isn't the agricultural situation one that is bound to impair prosperity. How can the nation prosper if 50,000,000 of its people are in chronic economic distress?"

"Generally speaking, the farmers are about as well off as ever. Like every other American industry agriculture is exposed to the vicissitudes of change and competition. It has had too much internal competition. That is now correcting itself, as farm people move to the cities and marginal lands revert to the wilderness. In the old days of cheap and rich land in Illinois the corn farmer had a bonanza. But now land is high priced and they are rais-

(Please turn to page 155)

Buying Stocks on Sponsorship

Why Banking Affiliation Is an Important Consideration in Selecting New Purchases

By W. B. K. Dove

When asked for his advice on what securities to buy, the late veteran banker, Henry L. Higginson, replied, "Buy Character." The soundness of this advice is even more evident today; although under present conditions in the security markets, "Character" may rightly be extended to include not only sound management—but sound banking sponsorship as well.

Frequent reference is made in the daily press to the "Morgan," "First National," "Kuhn Loeb" and "Dillon Read" securities — to mention a few at random; but just how much importance does the average individual investor attach to such names in selecting issues for his own portfolio?

Certainly the more experienced purchasers of securities and the active traders give prime consideration to this subject of sponsorship; and the more successful of the large institutional buyers, insurance companies and even investment trusts almost automatically include in their portfolios a large selection of stocks that belong to that aristocracy of soundly sponsored securities—many of which are already in the high-priced "blue chip" classification. Witness the recently published investment lists of some of the investment trusts and other large institutional investors, a typical example of which is given on this page.

A list enjoying such banking sponsorship truly approaches the ideal of a "cross section of American industry." And rightly so, for not only do companies represented by such securities enjoy financial affiliations of unquestioned strength, but the bankers providing the funds almost always are represented on the board of directors, and frequently play an important role in maintaining capable management, as replacements are made from year to year in the personnel. Thus, not only are ample funds made available for the normal conduct of the business, but in the use of the capital provided by the bank, the mature judgment of capable specialists in the banking field is automatically provided.

Just as we find today an increasing tendency toward specialization in industry and trade, equally so do we observe certain banking groups tending to specialize in the flotation of rails, others in public utilities, and a large group in the big industrial field with its many ramifications. Some banking houses carry on such a large volume of business that their specialization in a given class of security is sometimes obscured—particularly when large syndicate operations are resorted to; but as an indirect outcome of such large scale financing operations, a number of well-known common stocks enjoy the sponsorship at the same time of more than one of the large investment banking houses.

When a security is known to have strong banking sponsorship, the market price is frequently found to include a more or less generous allowance for the so-called "scarcity value." Large institutional buyers; investment trusts, insurance companies and wealthy individuals all seek to include some sizable blocks of this well sponsored issue in their individual portfolios. They reason that a stock which carries the approval of a recognized banking house automatically has been subject to the closest preliminary scrutiny, has been found to be backed by substantial earning power and to have a promising outlook for future growth —but most important, it enjoys the guidance of a management whose record of success has been sufficiently outstanding to merit the financial interest and sponsorship of the bankers.

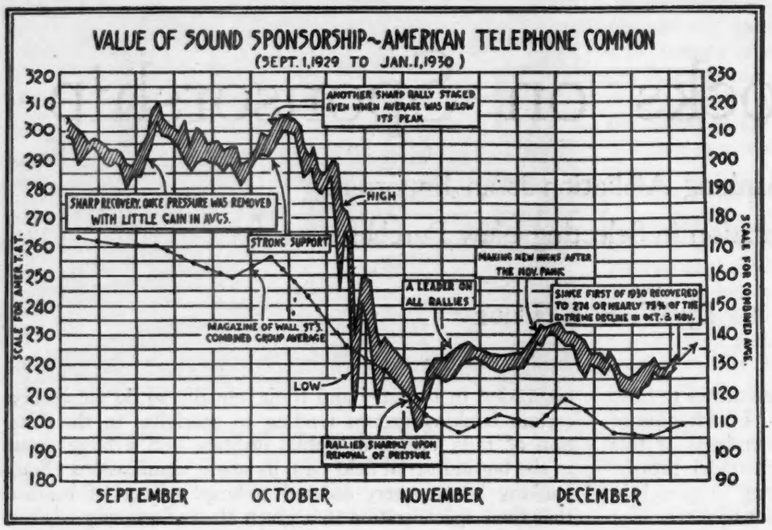
This combination of so many favorable factors in a single security soon places a premium on its value; and when such buyers all try to obtain a sizable block for their own portfolios, the limited amount of stock available rapidly acquires a "scarcity value." Thus, it is also noticeable that such stocks usually sell at a higher price and pay a lower dividend than other securities of perhaps equal earning power, but not as yet enjoying the advantages of important banking sponsorship. Frequently, such factors as a large surplus and "hidden" assets resulting from years of an exceptionally generous depreciation policy are contributing items; but the net result in practice is that sound

A Typical Institutional Portfolio

Showing Diversity in Sponsorship

(Securities Owned on January 1st, 1930)

Name of Issue	Banking Affiliations
Air Reduction	Chase Securities Corp. Lee, Higginson & Co.
Allied Chem. & Dye.......	No financing recent years.
American Can	First National (Baker)
Amer. Gas & Elec.........	Bonbright & Co.
Amer. Smelt. & Ref.......	Kuhn, Loeb & Co.
Amer. Tel. & Tel.........	First National (Baker)
Columbia Gas & Elec......	Mellon National Bank
Consolidated Gas, N. Y.....	Kuhn, Loeb & Co. National City Co.
Corn Products Refin........	Guaranty Company Speyer & Company
DuPont	J. P. Morgan & Co.
Elec. Bond & Sh...........	Bonbright & Co.
General Electric	J. P. Morgan & Co.
General Motors	J. P. Morgan & Co.
Gulf Oil of Penn...........	Mellon National Bank
Inter. Harvester	J. P. Morgan & Co.
Montgomery Ward	J. P. Morgan & Co.
National Biscuit	First National (Baker)
Procter & Gamble	First National (Baker) Guaranty Co.
Sears, Roebuck	Goldman-Sachs
Standard Oil N. J..........	J. P. Morgan & Co.
Union Carbide	No financing recent years
United Gas Imp...........	Drexel & Co. J. P. Morgan & Co.
U. S. Steel	J. P. Morgan & Co.
Vacuum Oil	J. P. Morgan & Co.
Westinghouse E. & M......	Kuhn, Loeb & Co. Mellon National Bank
Woolworth	Goldman, Sachs & Co.



banking sponsorship is very frequently translated into a definite price-premium. This is evident not only when the stock is first listed on the exchange, but persists and even widens as the success of the corporation's management policies over a period of years is more cleary demonstrated.

Sponsorship Valuable from the Start

Looked at from the stockholders' and management's viewpoint, a strong banking sponsorship and affiliation is of material value in raising new capital without too heavy a financing charge. The public confidence and interest in securities sponsored by a banking house of unquestioned reputation and world-wide connections is of very definite value—value which can be translated into prompt over-subscription of the new stock issue and very frequently a quick run-up in market price under the combined support of the banking house, the issuing corporation and that vast and widely scattered group of small-lot investment buyers who are always eager to grab up almost any issue that an outstandingly successful banking house chooses to offer.

And the sponsorship of the banking house does not end by any means when the initial stock-issue has been sold to the public. Theoretically the essential work of the bankers terminates when the shares have all been transferred from the dealers' shelves to the investors' strong boxes, and payment in full received. As a matter of fact, however, the service of the sponsoring house has only just started. An extended interval of "seasoning" must necessarily follow; and throughout this period an important service is performed by the bankers in maintaining at all times an active and strong market for the new issue. The newcomer must appear attractive on the tape, as well as in print; and not infrequently such support-service means extensive advertising and willingness to buy temporarily all stock offered when the general market turns weak. Throughout this seasoning process the watchfulness of the sponsoring organization persists; and even when the stock is fully able to stand on its own merits, the bankers continue to render service indirectly by favoring issues they have already investigated thoroughly and accepted when requests for investment suggestions are received from their customers, or trust-fund lists are being prepared.

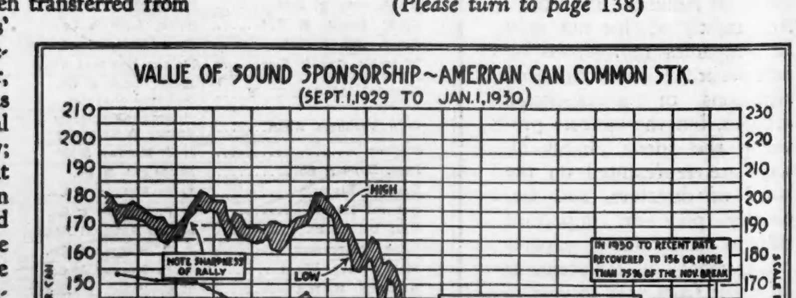
Not only does the public feel assured that ample funds for sound growth and development of the business will be provided by such banking connections—and provided at economical rates—but that an increasingly valuable series of outlets for new business will result from the contacts made with other corporations served by the same banking house. With the present day marked trend toward mergers and consolidations, it is not very difficult to see the tremendous possibilities opened up by well chosen banking affiliations. These potentialities are rightly discounted in the market price and investment popularity which soundly sponsored securities enjoy today.

Acknowledging the many advantages of good banking sponsorship, the question quite naturally arises, "Do not all issues enjoying the sponsorship of such a banking house tend to move together in the market?" To a certain extent, yes; but less so in recent years.

In times of distinct market stress and panic all stocks move more in unison; but when a bull market is in full sway, or the market is temporarily weak and some aggressive leadership is badly needed to stimulate new buying, the issues strongly sponsored by well known banking institutions are most frequently selected to lead the rise. The press next morning reports that the "Morgan," "Baker" or "Goldman-Sachs" stocks assumed leadership; and that with such support the shorts rushed to cover and soon initiated a buying movement that later widened out to include nearly all types of issues.

This type of bank-sponsored group movement is still very much in evidence, particularly when an active up-trend of the market is in progress; but aside from such occasions, stocks of all classes have evidenced in recent years a tendency to sell more in line with their individual merits—earnings, management, surplus and outlook. Consequently, we may conclude that "Morgan" and other bank-sponsored groups of stocks do still have some tendency to move as a unit; but that as the months pass, they may be expected to break away gradually from these group affiliations and sell

(Please turn to page 138)



Uncle Sam's Line of Credit —What's Back of It?

What Are the Real Assets Underlying Our Credit Structure?

By Theodore M. Knappen

VISUALIZE the American people as a business man, and call him Uncle Sam. This collossal merchant enjoys a business turnover of about a thousand billions of dollars a year of the hundred billion dollars worth of his annual product. He never has more than five billion dollars cash in the till. How does he carry on?

With credit.

He enjoys a line of credit at his bank, which may be visualized as a composite of all the banks of the nation, of close to 60 billion; taking the total of bank loans and investments as the measure of the volume of credit.

What does Uncle Sam have to show his banker, who is himself in a change of clothes, to justify such an enormous borrowing?

He has, first, the entire wealth of the nation and, second, its annual income. Let us consider what those items are.

What Is Wealth? An individual may count his wealth entirely in stocks, bonds, notes and mortgages, bank deposits and cash in pocket. Not so with the 121 million persons in the collective Uncle Sam. They can count only tangible wealth, for they must leave out of consideration all documents that are merely evidences of ownership as between individuals. The collective banker will not stand for any such padding of Uncle Sam's assets. Nothing but an inventory of solid property is acceptable. That is, every foot of land in the United States, every improvement or structure or natural deposit thereon and every sort of tangible property in the possession of governments, individuals, corporations and every kind of association, including gold and silver coin and bullion but not subsidiary and paper money. Except for its industrial value, money is merely a claim check on wealth—not wealth itself.

The Census Bureau put the grand total of national wealth at, roundly, 320 billion dollars in 1922. The National Industrial Conference estimates it at 360 billion dollars in 1928. Neither of these figures includes a valuation for highways, city streets and public-owned structures therein. Including such items, the Federal Trade Commission added 33 billion dollars to the Census figure for 1922.

The Big Items The National Industrial Conference Board estimate values the nation's real property at 198 billion dollars, of which land stands for 120 billions and improvements at 78 billions. Railroads and public utilities are valued at 39.5 billions, their land being valued at 4.9 billions, improvements at 22 billions, and equipment at 12.5 billions.

In this list of assets the great natural resources of soil, minerals, forests and water, do not appear by themselves. They are blanketed under "land," the ownership of land being the condition of their utilization. Moreover, as inert material, in or on the ground, their actual rated value is but small compared with the finished products that come from them. The iron ore that goes into \$60-steel may be worth but sixty cents even after it is mined; the log that makes a thousand feet of lumber, worth \$70 to the consumer may bring its owner only \$2 on the stump. Bases of national prosperity, as they are, the enormous natural resources of America do not stand high when put into the balance sheet. They correspond to "good will"—indispensable, but valuable in a money sense only when "cashed in."

When the integrated banker inquires of Uncle Sam whether he has anything else worth mentioning, the big boy answers that he has merchandise and industrial products worth 40.6 billion dollars, that the equipment of his farms and factories is easily worth more than

27 billions, that he has personal property, from lingerie to ships, worth upwards of 44.7 billions.

To the searching question, is that all? Uncle Sam recalls that he has a few miscellaneous possessions, including gold and silver money and bullion, that ought to be worth close to ten billions.

Perhaps the banker wishes to know where all this wealth is located. If so, Uncle Sam is prepared to hand him a neat tabulation of his wealth by states, so far as it can be so distributed. New York, as might be expected, leads—with 40.57 billion dollars. But it is also the most populous state, and its per capita wealth of $3,513, is exceeded by that of such states as Connecticut, North and South Dakota, Iowa, Nebraska, Kansas, Montana, Oregon, Washington, California; and Nevada, individually the richest of the states, with $7,338 for every man, woman and child. Taking the national family as a whole Uncle Sam finds that every person would have $3,000 worth of property if it were equally divided. He admits that individuals in some states would average very much less; Alabama, for instance, with only $1,284. He argues, however, that the low figures for some states are a potential asset, as showing how much room there is for development and enrichment.

"Iron for Hundreds of Years"—Operations in Missabe Range

After the skeptical manner of bankers, however, the Collective Banker might intimate that he would like some information bearing on Uncle's thrift, some indication as to how he is getting on in the world.

Uncle Sam Boasts a Bit

"Waal," we can see Uncle Sam drawling, "I cal'lated I wuz worth 186 billion dollars in 1912, putty close to 490 billions in 1920 and only 317 billions in 1921. But them dollars of 1920, you know, wuz something like stage money. Dollars ain't the same yet as they wuz in 1912, but I reckon I'm worth a lot more than I wuz in 1921, and an awful lot more than in 1912."

As to his prospects Uncle Sam would dilate at length on his vast forests, perpetually growing industrial material; upon his three thousand years supply of coal, iron for his great water power, his copper mountains, his huge deposits of lead, zinc, gold, silver; his immense resources of non-metallic minerals, his subterranean lakes of oil and reservoirs of gas, his wide room for agricultural expansion and the stimulating climate of his great estate.

As an evidence of his thrift Uncle Sam would find satisfaction in telling the Banker how his people pick up about eight billions a year from "side lines." The urban gardener and poultry raiser gathers in 136 billion dollars a year, the city cow is worth more than a hundred million per annum. People pick up over 2.5 billions a year from renting their houses and have a right to credit themselves with close to two billions for the services their own occupied houses gives them.

When Uncle Sam and the Banker get to the question of how much the former is making out of his business each year they run into difficulties comparable to those of the individual when he undertakes to calculate his real annual income as differentiated from bookkeeping income, either for his own satisfaction or for making income tax returns.

What is national income, any way? Viewed from the standpoint of the whole national group it is the value of the annual national product. Viewed from the standpoint of the individual it is the sum total of realized individual incomes — omitting national earnings that do not get into individual pockets. And then there are difficulties in determining what items should be included in individual income. For example, if a man lives in his own house, he receives no money income from it, but if he rents a house the lessor is certainly entitled to include the rental in his income. This sort of non-money income is called "imputed income" by the economists and is certainly the equivalent of cash income.

National Product—National Income

The National Industrial Conference Board prefers to identify national income with national product. On that basis it would tell Uncle Sam that his dollar income in 1928 was a trifle over 78 billion dollars. W. I. King of the National Bureau of Economic Research adds up estimated individual income and comes to the conclusion that the national "realized income," including imputed income, was 89.419 billion dollars in the same year. Realized income leaves out of account differences in book income due to changes in values of inventories of individuals. Realized income may be more or less than total income; in some years the difference amounts to many billions of dollars. "Realized income," says Dr. King in his new book, "*The National Income and Its Purchasing Power,*" consists in the main of the amounts received by individuals in the form of wages, salaries, pensions, compensations for injuries, interest, dividends, rents, royalties, services of durable consumers' goods, and profits withdrawn from business." An automobile or an owned home are durable consumers' goods. They are not immediately consumed, and render services that have an income value.

It has to be admitted that the so-called realized income is far from representing the actual facts, even although we allow nothing for psychic satisfaction in work. Not a cent is credited to the services of housewives and householders

to themselves and their families and to the odd-job earnings of employed persons. They are all left out by the economists, because their computation would be entirely guesswork, which would be too much of an uncertain quantity to add to calculations that are already largely guess and estimate.

Whether they take annual product or the total of individual realized incomes as the true measure of income Uncle Sam and the Banker will be up against the problem of the purchasing power of the dollar in measuring the real extent of the annual national income. The Conference Board finds that in the dollars of 1913 the national income was 34.4 billion dollars in that year. Measured by the same purchasing-power dollars the 1928 income shrinks from approximately 78 billions to somewhat less than 49 billions. This doesn't look so good either to Uncle Sam or the Banker, for it then appears that instead of more than doubling his income since before the war he has increased it only 60 per cent. Similarly, the King figures shrink from 89 billions to 54 billions for 1928, as against less than 36 billions in 1913. Still, it has to be admitted that Uncle Sam is able to give substantial evidence that he is making a success of his business, and that he looks like a good credit risk, even to the extent of close to his annual income, especially in view of his net worth of 360 billions.

Earned Income Dominates

Nevertheless, the Banker would be constrained to point out to his huge patron that the latter would not be justified in concluding that he was making 25 per cent on an investment of 360 billion dollars in a mythical company that might be called "U. S. Inc."

In the first place 51 billions of the 89 would represent wages, salaries, compensation for injuries, pensions, etc. There would be left 38 billions for capital and the brains that applied it, or, ignoring the entrepreneur's share as separate from that of capital, a return of about 11 per cent on stocks and bonds; if the entire wealth of the Nation were thus capitalized, without a trace of aqueous or gaseous inflation.

This is a good place for an aside to the effect that if employees receive 57 per cent of the national income they have 57 per cent of the national purchasing power; consequently if Uncle Sam undertakes to economize by reducing wages, etc., 10 per cent he reduces total buying power 5.7 per cent; whereas if he squeezes his economy out of capital his buying power is reduced 4.3 per cent. But in the manufacturing industries employees get about 88 per cent of the income distributed to individuals, in banking 55; in agriculture 16; in mining, oil wells and quarries 72; in construction 74; in mercantile enterprises 50; in government 84; transportation, utilities and communication 76; all other industries 65.

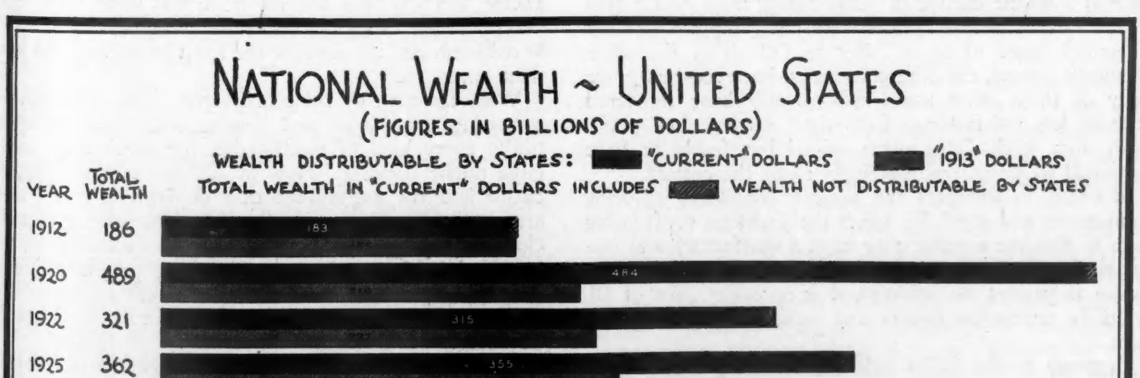
Signs of Social Progress

As an indication of his social progress Uncle Sam might remind the Banker that personal services as a whole are getting 7 per cent more of the national income than in 1917. Measured in 1913 dollars, the purchasing power of employees' income has doubled since 1909—and the actual dollars more than trebled. Of the total pay received by employees, the salaried men got nearly 18 billions in 1928 and the wage earners about 32 billions. Individual salaries average $2,084 a year and individual wages $1,205, but the farm worker got only $530.

In discussing social justice of income distribution, Uncle Sam and the Banker would find that the former has in capitalistic practice come close to the ideal of socialism. From Dr. King they would learn that persons with an income of less than $5,000, on the 1913 basis, are now getting about 7/8 of the national realized income, while those with incomes of $150,000 or more receive only 1/60 of that income.

"If all the income," says Dr. King, "of persons having more than $5,000 of 1913 purchasing power, or, in other words, $8,309, having the value current in 1926, were distributed proportionately among persons having less than the $8,309 specified, the incomes of this poorer group would be increased only 1/7; *in fact, this change would be less than that which was caused between 1922 and 1926 by the general increase in the productiveness of American industry.*" There is, he adds, "practically no tendency towards the putting of more income into the hands of the extremely opulent section of the community. Moreover, the opulent section always suffers greater curtailment of income in hard times than the less opulent. Finally, people in the $5,000 class

(*Please turn to page* 146)



¶ *Will Chain Store Progress Be Retarded by Unfavorable Legislation?*

¶ *Are the Independent Merchants Waging a Winning Fight?*

¶ *Has Chain Expansion Been Too Rapid?*

Chain Merchandising Meets the Test

By C. Hamilton Owen

EVEN before the severe stock market liquidation which marked the early days of May, the chain stocks displayed noticeable and seemingly unaccountable lethargy. This prominent group has lost much of its former popularity and vitality. What is the underlying reason for this situation? Is the independent retailer finally succeeding in the battle which he has been waging against the chain store? Are chain stores to be burdened with adverse and restrictive legislation? These are the puzzling questions to which investors everywhere are seeking an answer, endeavoring if possible to peer into the vast future of this industry.

Prior to the market break last year, chain store stocks enjoyed a degree of popular favor second to no other group of securities, with the possible exception of investment trusts, and their price-to-earnings ratio was one of the highest at a time when the public conception of equity values had virtually accepted practically any basis ranging from fifteen to fifty times annual earning power. Today there is a totally different picture. The chain store group suffered a drastic decline in value during those hectic days last Fall when security prices were being toppled like the proverbial house of cards. But so did all of the other prominent groups, the difference being, however, that while many of these other issues subsequently have recovered more or less satisfactorily from their extreme low point, chain store stocks have either rallied but feebly or have continued to scrape discouragingly along the bottom.

In order to interpret the present conditions affecting chain stores and carefully weigh the problems confronting them so that the investor may have a satisfactory and reasonably conclusive basis for determining the proper procedure to protect his holdings, it is necessary, first of all, to briefly review the history and background of the chain store.

Contrary to the belief held in some apparently uninformed quarters, the chain store system of retail distribution is not an abnormal scheme born solely out of a selfish desire for power and control, but a logical development in an era of progress, efficiency and public service. Neither is the idea a new one. As early as the fourteenth century, we find the powerful house of Fugger of Augsburg operating an extensive system of counting houses and merchandise depots. The famous Mitsui mercantile establishments were founded in 1643 and chain store principles were embodied in the operations of the Hudson Bay Co. The chain store as we know it today, however, would have been impractical and impossible in the pioneer era for numerous reasons. Communities were but sparsely populated and far removed from each other; the Western storekeeper was of necessity a hardy individual and not above collecting his bills by strongarm methods; and transportation was not to be relied upon. Those were the days of the transient peddler. But with the development of transcontinental railroad and communications systems, George H. Hartford conceived the idea of a group of grocery stores stretching from coast to coast. The formation of the Great Atlantic and Pacific Tea Co. was the result of this idea. Not many years later the "5 and 10 cent store" was founded by F. W. Woolworth and the familiar red front stores began to make their appearance.

With the turn of the century the chain store gathered increasing momentum and communicated itself to practically every kind of merchandise for which there was a large public demand. Now in addition to the large food chains and the five-and-ten cent department stores, there are chains specializing in tobacco products, drugs, candy, clothing, books and automobile supplies. Restaurants, barbers and bakeries have joined the big parade and more recently large department stores have been consolidated or have entered co-operative alliances in order to obtain the advantages of the chain.

It may be said on good authority that there are more than 6,000 chain systems representing in excess of 100,000 retail outlets now operating in this country. In the grocery

field alone it has been estimated that from 15 to 20 per cent of the total volume of business is transacted by chain stores and in the case of drug and shoe chains the percentage is much higher.

It must be admitted, however, that the prodigious growth and development of the chain store system has not been accomplished without hardships and disaster. The road has not been an easy one and many more difficulties were encountered than were ever anticipated by the pioneers in the movement. Problems multiplied in direct ratio to the growth of the chain systems and officials and executives were confronted with all manner of purchasing, distribution, location and personnel problems. Weaklings fell by the wayside or sought refuge in the folds of their more successful competitors. With the course of time, however, experience was gained and a new science of modern merchandising was gradually evolved.

The contributions of chain stores toward perfecting the distribution and marketing of goods have been invaluable and their influence has made itself felt strongly in the fields of manufacturing, selling, advertising, transportation and banking. Economically desirable as this influence undoubtedly is, it has recently been stirring up trouble—in the fashion of a boomerang. Always the target of the disgrunted retailer, chain stores are now engaged in combating organized resentment in several sections of the country, and are being made the subject and butt of considerable political controversy in the legislative sanctums of Federal and State law-making bodies. Fostered by several self-styled crusaders the anti-chain feeling has steadily accumulated in the South, recently manifesting itself in acute form. This condition will be discussed in greater detail, but first let us look into the problems of the chain store which have their origin strictly within its own ranks.

Rapid Growth in Recent Years

Mention has already been made of the almost miraculous growth of chain stores during the present century, with the momentum of the movement most pronounced in the past five years. The expansion programs laid down and carried by several of the largest grocery chains took on the aspects of a competitive contest for numerical supremacy in various important consuming territories of the country. During this recent period we have witnessed the transformation of the old established mail order companies into a new sort of hybrid, combining the chain store and mail order ideas and attempting to retain the best features of both. Hard roads and automobiles making it readily possible for the rural resident to motor into distant shopping centers, are responsible for this development.

Coincident with the expanding scope of chain store groups, came glowing reports of increased sales and earnings. Chain store and mail order shares leaped into sudden popularity, monopolizing a sizable share of the investment and speculative limelight. In the rush to buy chain store securities, prices were bid up to dizzy heights and yields became increasingly smaller. Many companies took advantage of the situation to negotiate new financing and bankers were eager to underwrite their offerings, knowing that the magical word—chain store—was a sufficient label to insure the ready sale of these securities. As a consequence, that portion of the investing public which failed to exercise proper discrimination has been rudely awakened to the fact that a lot of stores do not necessarily make a profitable and successful chain. Many independent store owners were induced to sell out to a chain, accepting a small amount of cash and the balance in stock . . . at inflated prices. He is now a sadder but wiser merchant.

Facing New Difficulties

Likewise, many chain store executives have discovered, all too late, that their ambitious plans were ill-timed. So rapidly were some of the chains expanded that they have become unwieldy from the standpoint of management—indisputable evidence that their eyes were larger than their stomachs. Even the more successful chain systems have sharply curtailed their expansion programs and in several instances, retrenchment has taken the form of closing and abandoning unprofitable locations.

The head of a prominent chain noted for its fast growth, recently stated at the time of his resignation, that the expansion of his company had been so rapid that no directing head could possibly keep track of its various units and divisions in the manner on which he believed its success was founded.

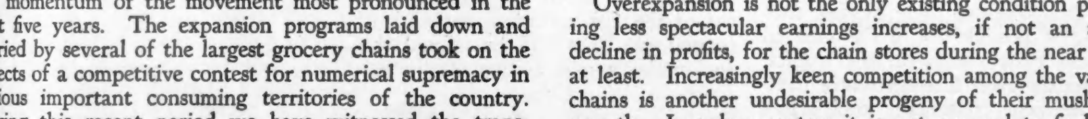
Not all chains, however, made the mistake of overextending themselves but carried on their expansion along orderly and preconceived lines and will in time garner the rewards of their wisdom. Then too, it must be said to the credit of many chain store executives that they are not taking an ostrich-like attitude toward the problems with which they are now confronted but are facing them squarely. They are concentrating their efforts on the process of digesting new stores and effecting operating economies with a view to restoring impaired profit margins. Growth of the chain store has by no means reached its zenith but for the present it will be accomplished largely from within the present organization and the lessons of the past will tend to inspire caution.

Unprofitable Competition

Overexpansion is not the only existing condition presaging less spectacular earnings increases, if not an actual decline in profits, for the chain stores during the near term, at least. Increasingly keen competition among the various chains is another undesirable progeny of their mushroom growth. In urban centers it is not unusual to find four different grocery chains located in a single city block. Also in many sections the independent retailer, either through co-operative affiliation with other independents or by his own merchandising ability, is more than holding his own. The chain store relies mainly upon its ability to offer standard merchandise at prices below those of the independent to attract custom to its counters. Of course, there are other features such as clean and well kept stores, fresh goods attractively displayed and all prices plainly marked for the purchaser's inspection. These features, however, are also available to the wide-awake independent and lower prices are still the main drawing card of the chain store.

In order to adhere to its low price policy the chain store system accepts the lowest possible margin of profit compatible with sound business and the scale of prices in the various grocery chains, for instance, are practically the same. Obviously then price cutting offers no permanent competitive advantage unless it is accompanied by economies sufficient to maintain the margin of profit, however

(*Please turn to page 144*)



T h i n g s T o

Hot Air and Cold Water

GIVE an engineer some sort of difference and he will see an opportunity to convert potential energy into action. All mechanical power flows from differences in temperature or in altitude. Burn a chunk of coal and you release energy. Falling water creates energy. In the tropics ocean water is icy cold fifteen hundred feet below the surface. In the hot air at the surface such a liquid as ether quickly turns to an expansive vapor. Plunge it into cold water and it condenses into liquid. So we have the engineering dream of bringing the cold water to the surface and using the volatile liquid over and over again in a suitable motor. Thus the sun's energy may be applied directly instead of extracting it from the fuel into which it was converted millions of years ago. There are places, such as the Virgin Islands, where cool ocean depths are near shore. Working the imagination a bit, we may foresee a remote age in which industry will concentrate in the tropics in retreat from a fuelless world. Another effort of the imagination and we can visualize the cooling of residencies and factories by refrigeration from the power of these motors, thus making it possible for white men to maintain their energy in the tropics. One writer even foresees whole communities kept continually cool. Just as men now work in extreme cold in northern winters but return to warm houses for rest and sleep, so in this visioned future vast populations may flourish in full vigor in the tropic zones.

* * *

Battles of the "New Competition"

THE steel industry, among others, is now fiercely assailing the wood industries. An all-steel automobile company poses as a beneficent conserver of forests because it is reducing the demands upon them. The lumber people retort that wood grows and iron is irreplaceable. Every new office building is a scene of conflict in this contest between the two materials. A battle royal is fought for the doors and windows. For a while steel window sash seemed to have it all its own way. Now wood, cleverly exploited, is coming back. It is represented that steel sash are noisy when the wind blows, that radiated heat goes through the steel as if it were air, that if the building settles a little all the windows are jammed. A recent lumber convention roared with delighted applause when a speaker told how, unable to sleep because of the rattling windows, he had appealed to the manager of the hoted for relief. The latter produced a bag of little wooden wedges from under the desk and told the sleepless one to drive them between the sash and the frame and sleep in peace. Now the steel men have produced consternation in the lumber camp by the introduction of steel frames for residences, even little houses, and appointing lumber retailers as their agents. The lumber camp calls science to its aid and retorts with incombustible, unshrinkable and rot-proof wood. "Hang together or we will all hang separately" is more and more the rallying cry in all industries—and internal competition fades before external.

* * *

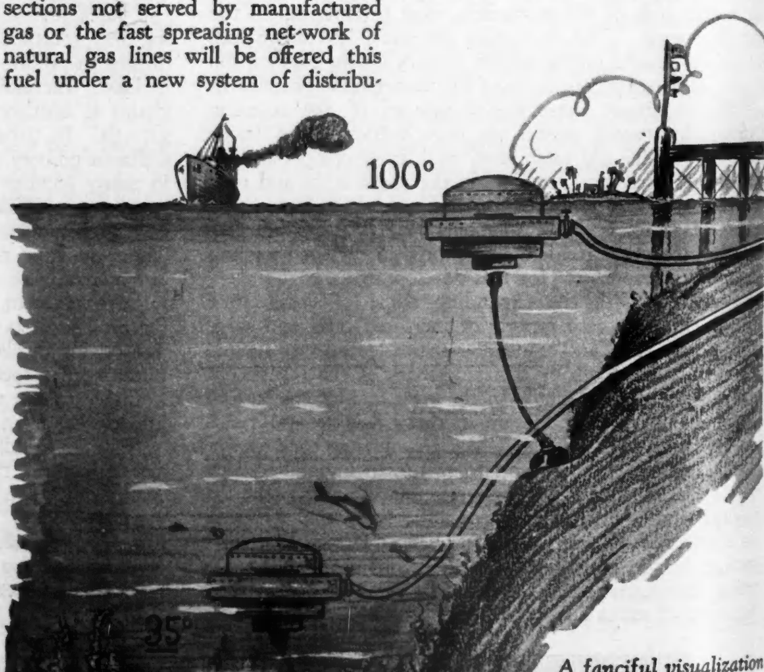
More Gas

THE whole country will sooner or later be supplied with gas. Those sections not served by manufactured gas or the fast spreading net-work of natural gas lines will be offered this fuel under a new system of distribution. Subsidiaries of Standard Oil of California are at work on a project whereby natural or manufactured gas will be compressed to the point of liquefaction, and in this form, shipped by tank car to centers of consumption.

* * *

Bacteria to Replace Machines

THE chemical industry has scored again in its untiring efforts to reduce industrial production costs. Among the new processes recently revealed at the seventy-ninth annual meeting of the American Chemical Society was one in which bacterial action is substituted for the heavy crushing machinery now necessary to extract such substances as oil from cocoanut meat. By this method special bacteria obtained from brewers' malt are found to possess the property of disintegrating the cell-walls of the cocoanut, thus releasing the oil without pressure. The bacteria complete their work in about six days, and the cocoanut oil rising to the surface, is found to be of high quality and possessing excellent color. These bacteria cultures are not difficult to obtain, and of more importance,



A fanciful visualization of Industry's conquest of solar energy

Think About

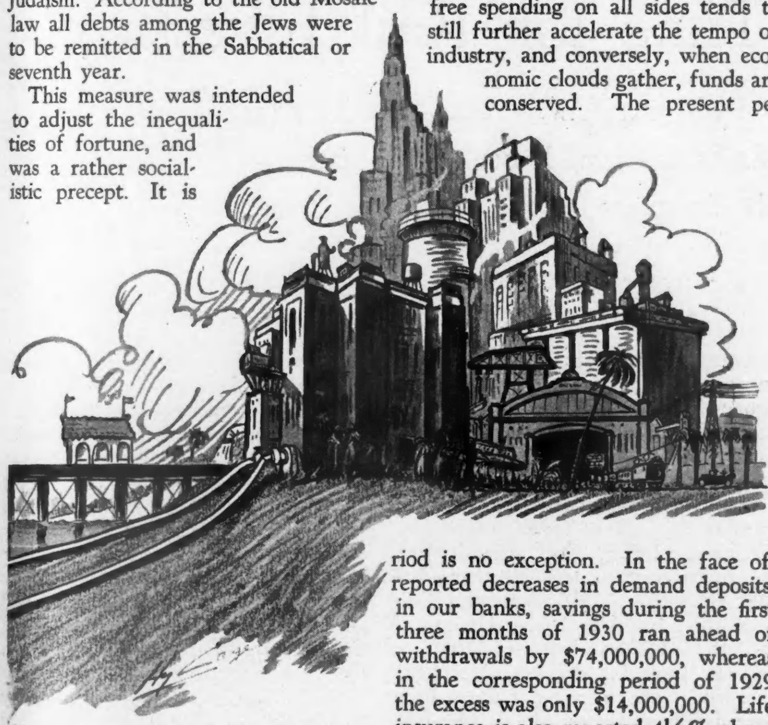
they work indefinitely without wages. The importance of similar processes in the past can be judged by the remarkable success experienced by the Commercial Solvents Corp. which employs bacterial action to produce butyl alcohol—one of its most important products, and one that has been widely used by both the varnish and automobile industries.

* * *

Antiquity of the Call Loan

THE venerability of the Call Loan is established fairly accurately in the Talmud, the book of Rabbinical Judaism. According to the old Mosaic law all debts among the Jews were to be remitted in the Sabbatical or seventh year.

This measure was intended to adjust the inequalities of fortune, and was a rather socialistic precept. It is written in Chapter 15 of Deuteronomy.



"At the end of every seven years shalt thou make a release . . . . the loan which thou hast lent thy neighbor."

However, Rabbi Hillel, chief of the Rabbinical College, discerned that the statute had a great fault to it. The wealthy man was loath to loan his money to those most in need, fearing to lose it under the law. As a remedy Hillel ordained that the creditor might make a duly signed deposition before the Sabbatical year, reserving the right to collect (call) his outstanding accounts at any time he might think proper. And thus was established the Call Loan, only thirty-seven hundred years after Adam began business in the Garden of Eden.

* * *

Savings Increase

AMONG the peculiarities and paradoxical virtues of Americans is the trait of increasing their savings in times of adversity. Past records confirm the fact that individual savings grow in inverse ratio to the degree of business activity. When business is good the purse strings are loose and free spending on all sides tends to still further accelerate the tempo of industry, and conversely, when economic clouds gather, funds are conserved. The present period is no exception. In the face of reported decreases in demand deposits in our banks, savings during the first three months of 1930 ran ahead of withdrawals by $74,000,000, whereas in the corresponding period of 1929 the excess was only $14,000,000. Life insurance is also reported 4½% ahead of last year.

* * *

Technical Position

IT is worth remembering that when the market has worked itself into a weakened position there is an increased tendency for the list to lose its selective characteristics and prove more susceptible to mass movement. Thus, during the liquidating period of early May, the market had momentarily paused for a respite only to be thrown into further decline by a bear raid centering on two stocks. A precipitous drop of over 30 points in Manhattan Electric Supply and 20 points in Celotex, even though neither stock approaches the leader classification, and reflected the collapse of a pool in one case and a rumor of receivership in the other, was enough to disturb market confidence so that the gains of the previous day were promptly sacrificed. It is but another example of the importance of the technical position of the market as a whole which must be evaluated before making individual commitments.

* * *

The Cost of Small Shareholders

MUCH as broad ownership through a great number of individual stockholders is prized by large corporations, there is a point when it may be too thinly spread. The owner of one share of stock demands the same attention as the owner of 1,000 shares. To both must go notices of meetings, proxies, annual reports and dividend checks. A recent study shows a cost connected with the less than 5-share holdings, amounting to more than the dividend on the stock in some cases.

* * *

Consuming Subsidiaries

WHAT is more natural than that a corporation consuming large quantities of raw materials should favor in its purchasing the producer of this material whose banking sponsors are identical with its own? It is to be expected that it should, but where the community of banking interests does not exist, the tendency has resulted in a considerable expansion of the vertical merger principles. That is to say, the producer of raw materials, such as steel, copper, lumber or chemicals, now seeks to acquire subsidiaries, or at least a substantial stock interest, in the type of company which consumes this output. For example, the copper company acquires the wire manufacturer, the dairy company the ice cream or the cheese maker, the steel manufacturer takes an interest in shipbuilding, even as the chemical producer finds it advantageous to hold an interest in the automobile industry, where his products are utilized. In effect it is a form of diversification, with the important difference that instead of being applied to varied production, it is more concerned with varied consumption.

Is This the Time for Rail Investing?

With Prices Reflecting Unfavorable First Quarter Reports the Railroad Group Is Behind the Market—What Are the Prospects for the Months to Come?

By Pierce H. Fulton

WHAT is the matter with the railroads?

If reference is made to the companies and their properties the answer may be found in the one blunt word, "Nothing."

If reference is made to the shares of those companies the answer may be found in two words, "Earnings, Washington."

As a matter of fact, this oft-asked question in financial circles during recent weeks has had to do almost altogether, at any rate, primarily, with the shares. It was prompted first, by the extreme dullness and gradual recessions, and since the publication of earnings for March and the first three months for this year, by the sharp reactions that have taken place.

The shares, with some exceptions, have fallen substantially below the high levels to which they rallied after the slump last October and November, and the high quotations for this year. It might even be said that recent severe liquidation throughout the list of all stocks has carried the rails proportionately lower than the rest of the market.

The following recent comparisons with those earlier in the year will be sufficient to show what has taken place in this respect: Atchison common dropped from 242½ to 216, Baltimore & Ohio common from 122⅜ to below 111¼, Delaware, Lackawanna & Western from 153 to around 123, Great Northern preferred from 102 to close to 89¼, New York Central from 192¾ to 168½, Rock Island from 125⅛ to close to 109, Northern Pacific from 97 to 78¼, Southern Railway from 136¾ to 102⅛, Union Pacific from 242¾ to less than 220.

Why these big declines, does some one ask? The principal reasons have been briefly stated—distinctly unfavorable earnings for each month of the first quarter of this year compared with the corresponding months of last year, and introduction of resolutions, hearings and investigations at Washington, all of a character to disturb speculative sentiment, and to some extent, investors in railroad stocks.

What will bring about a good recovery? Improvement in earnings—and a better attitude in Washington. That is far more important.

Consolidated net railway income of Class 1 railroads for March was off more than 37% from a year ago. Big comparative losses were not confined to any one section of the country. Rather, they were common to all.

Just a few illustrations. The Atchison, acknowledged, even by its most active competitors, to be one of the most favorably located railroads in the whole United States, one of the strongest in every respect, and one of the best managed, reported particularly large decreases in both its gross and net earnings for March and the first three months of the year. The loss in the former item was practically $2,000,000 and in the latter nearly $3,400,000 for March alone. For the first quarter gross earnings were down $5,265,000 and net $7,365,000.

The Great Northern Railway, located in the Northwest, where even a considerably smaller wheat crop last year than for 1928 has moved slowly, reported a decrease in its net railway operating income for March of over $2,000,000 and for the quarter ended March 31st of more than $3,000,000. As a matter of fact, the total of that item for the three months was only $538,000. Northern Pacific's net was down $1,100,156 and St. Paul's $1,265,291 for the same period.

The March statement of New York Central, whose lines, under the unification plan that became effective February 1st last, extend from New York to Detroit, Chicago and St. Louis, showed a decrease of nearly $4,000,000 in gross and nearly $3,600,000 in net railway operating income. For the three months together gross was down over $17,000,000 and net income $8,000,000.

The losses of some of the more important systems in the South Atlantic States were not so large as those of roads in other sections, because their earnings were not so good a year ago as the others and also because that section is slowly but steadily recovering from the collapse of the land boom in Florida several years ago.

Atlantic Coast Line for March suffered a loss in gross of only $860,000 and in net operating income of less than $700,000. Gross earnings for the March quarter reflected a decrease of a little over $2,000,000 and of a trifle less than that figure in the net.

Even the smallest of these and other losses that might be mentioned are large, but there are two important points that should be borne constantly in mind by investors in railroad stocks. First, both gross and net earnings for the first three months of 1929 were materially larger than for the like period of 1928. The year 1929, until the last two months or so, was one of abnormal volume of traffic and earnings for the railroads of the United States.

Comparison With Abnormal Period

Secondly, this fact helps materially to make the losses between 1930 and 1929 earnings appear particularly large. Just so far as the earnings for the first quarter of last year were abnormal, just so much is contributed to the decreases for 1930 in comparison with those figures. Some of the roads, notably Atchison, spent more for maintenance in March than a year ago.

A Group of Suggested Investments in Railroad Common Stocks

	Price	Div.	Yield
Atchison	225	10	4.4
Pennsylvania	79	4	5.1
Union Pacific	226	10	4.4
Southern Pacific ..	121	6	4.9
New Haven	112	6	5.4
Rock Island	113	7	6.2
Canadian Pacific ..	207	10	4.8
Baltimore & Ohio..	115	7	6.1
Reading	114	4	3.5

President Storey of the Atchison told the writer early this year, before he had any idea that the slump in both the gross and net earnings of that road would even approximate the actual figures now made public, that he would be satisfied if the results for the full current year proved to be equal to an average for 1927 and 1928 together. He then called attention to the fact that 1926 and 1929 were abnormal years for the Atchison, and for the railroads of the United States as a whole, and that, therefore, they should be left out of comparisons if a reasonably accurate forecast were to be attempted for 1930 results.

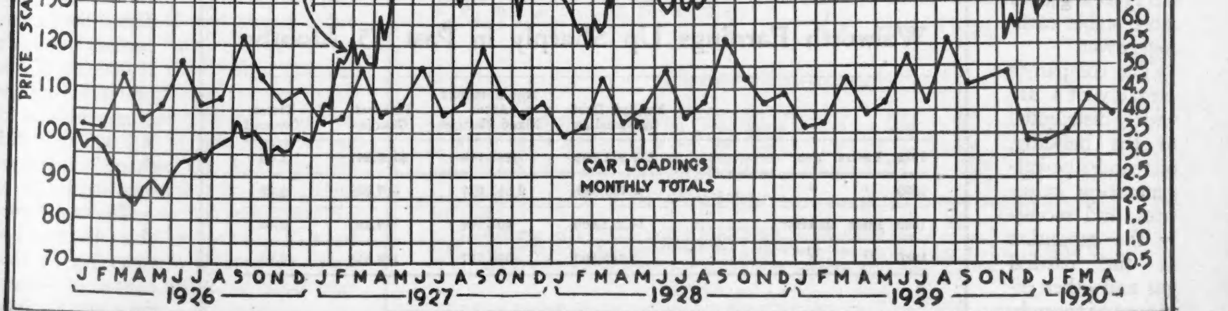
Of course, it is obvious that the big decreases in railroad earnings for the first three months of this year were due primarily to business depression following the stock market slump of last autumn. But there are still other points to be remembered. The big comparative decreases reported for January, February and March of this year, standing by themselves, should not be regarded as alarming. Even the strongest railroads in the Northwest never expect, in a so-called normal year, to earn much, if any more, than their fixed charges in the first quarter, and not the full dividend during the first six months. The late Howard Elliott, chairman of the Northern Pacific, not long before his death, showed the writer a confidential earnings statement that disclosed the surprising fact that not until the last week in August did that company "come out of the red" with respect to the monthly proportion of its $5 a year dividend. Still for the full 12 months of that year Northern Pacific reported a very comfortable surplus over that dividend. To use the term common in railroad circles, "it made all its money" in the last four months.

Perhaps it was in the annual report for the same year that President Storey of the Atchison made the even more surprising statement that for the first six months that wonderful system, with no extremely low temperatures or snow storms to fight during the winter season, that are so common in the Northwest, did not earn its full dividend. Still, it also made a good report for that particular period.

The Outlook for 1930

There is no probability of the Atchison earning anything like the 23% reported for the common stock for 1929. If the rate per share for this year should drop to 15%, there

(Please turn to page 132)



WALWORTH COMPANY
6½'s, 1935, With Warrants

Industrial Bond Combines Security with Good Profit Possibilities

Earnings Expanded Sharply in 1929 and Well Maintained to Date—Warrants Already Valuable and Likely to Appreciate in 1930

By RUSSEL TAYTE

WITH the trend of earnings in the past 15 months definitely on the upgrade, and a particularly capable and aggressive management in the saddle and developing several new products calculated to expand profits materially, the outlook for securities of the Walworth Co. appears particularly promising at this time.

The Walworth Co. is one of America's old line organizations which has been doing business continuously since 1872, listing over 23,000 items in its catalogue and ranking as the country's second largest producer of valves, pipe-fittings and similar products serving the building industry and general manufacture. The company started an aggressive expansion program in the manufacturing division during 1925; and at the same time began gradually to dispose of its company owned jobbing units in the large cities, thereby concentrating on the production-end and permitting lower operating costs, as well as building up a more stable earning power.

The company's products are widely distributed to the building, oil and power-generating industries, and recently the expansion in the natural gas and other divisions of the public utility industry have contributed an increasing proportion to income. With the favorable outlook for continued gains this year in nearly all of these fields of activity, together with seasonal improvement immediately ahead for the building industry, the 1930 earnings' position of Walworth appears well protected.

Among the most favorably situated obligations of this company is the issue of Walworth Co. Debenture 6½'s, Series A, due in October, 1935, and listed on the New York Stock Exchange. These bonds carry warrants permitting the holder to subscribe for the common stock in the ratio of 10 shares at $30 per share for each $1,000 bond held. With the common stock now quoted at around 35—and having sold already this year as high as 42⅜—it is evident that this subscription-privilege is worth at present around $50, not to mention the very promising outlook for further price appreciation as earnings continue to expand.

Looking at these 6½'s of 1935 purely in the light of a fixed obligation—without the additional profit possibilities inherent in the warrants—there are a number of factors that merit favorable consideration at this time. The current yield of 6.2% (and to maturity of 5½%) on a 6½% listed issue selling around 103 to 105 is in itself attractive; but the fact that last year fixed charges were covered 4.05 times, and current earnings are holding only slightly below the 1929 record results, despite business depression, are particularly favorable sides to the picture. In addition, while these 6½'s of 1935 are debenture bonds and do not enjoy first mortgage security, yet their position is considerably strengthened by a total of nearly $12,000,000 of underlying securities upon which dividend are being paid—with an increase in the distribution on the common voted last year. These junior securities include $1,000,000 of 6% preferred and approximately $11,000,000 (319,925 shares) of common stock.

The less favorable factors appearing in this picture — and these are of minor

Walworth Earnings Up Sharply in Past 15 Months

	Funded Debt Outstanding	Net Earnings After Fixed Charges	Interest Charges	Times Covered
1928 Entire Year	$10,211,000	$387,180	$702,241	1.59
1929 " "	9,765,500	2,011,015	667,020	4.05
1929 First Quarter............	10,211,000	401,496	169,120	3.38
1930 " "	9,765,500	340,757	168,512	3.01

weight at this time—are the call price of 103, which is close to the current market price, and which declines one-half of 1% each year; and the fact that rather active sinking-fund operations are provided for in the indenture, which will retire some $62,500 of these bonds semi-annually at the call price. The past record of interest coverage is good, with fixed charges being earned twice over on the average during even the four-year interval prior to the record 1929 results; moreover, provision is definitely made in the indenture to protect the warrant-subscription privilege from any watering through the issuance of additional shares of common stock. Consequently, if the purchaser will take advantage of the current opportunity to purchase these bonds close to or below the call price, even this technical situation will be fully provided for.

Beginning with the expansion policy inaugurated in 1925, the management has labored untiringly for lower operating costs. Results began to take rather definite form in 1929 when production costs on cast steel valves, for example, were lowered 25% as compared with the 1928 average. This saving alone added more than $1 per common share to the 1929 earnings; and fully another dollar came from eliminating unprofitable products and less effective units among the sales branches.

Perhaps the factor of greatest profit potentiality—and the so-called "mystery" element in Walworth at this time—is the new chrome nickel iron pipe, called "Ni-Resist," which has been developed with the cooperation of the International Nickel Co. of Canada. Refineries and process manufacturers use this pipe extensively on account of its corrosion-resisting properties. Moreover, the Walworth Co. has developed successful methods of electric welding in smaller sizes, so that lengths approximating those of steel pipe are now being placed on the market, and should make this new product increasingly popular.

In view of the great profit potentialities for the future which this new chrome nickel product appears to possess, and which are as yet undiscounted in Walworth security prices; the progressive management and strong financial condition of the company, enhanced by record profits in 1929 and only a 15% drop during the first quarter of 1930, despite the general depression in a number of industries served by Walworth; and the attractive interest-yield combined with speculative profit possibilities in the warrants, the Walworth Co. Debenture 6½'s of 1935 with Warrants appear to merit the careful consideration of bond purchasers at this time.

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Recent Price	Current Income	Yield to Maturity
Panama 5½s, 1953 ....(a)	....	...	102½GT	102	5.3	5.3
Norway 40-yr. ext. 5½s, '65..........	....	...	100F	101	5.4	5.4
Dominican 5½s, 1942 ....(a)	....	...	101G	97	5.6	5.8
Haiti 6s, 1952 ....(b)	....	...	100	93	6.4	6.6
Railroads						
Atchison, Top. & S. F. Conv. 4s, 1955..	267.4	5.51	110	90	4.2	4.4
Pennsylvania 5s, 1964	....	3.25	102T	104	4.8	4.7
Illinois Central 4¾s, 1966..........	....	1.75	102½GT	100	4.7	4.7
Rock Island-Frisco Terminal 1st 4½s, 1957 ....(d)	....	X	102½T	95	4.6	4.7
Central Pacific Guar. 5s, 1960..........(a)	....	2.25	105GT	103	4.8	4.8
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	117	5.1	4.8
Great Northern Gen. A 7s, 1936......(b)	130.8	2.36	....	111	6.3	4.8
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	100	5.0	5.0
N. Y., Chic. & St. L. Ref. 5½s, 1974 (a)	59.6	2.12	105	107	5.1	5.1
Western Pacific 1st 5s, 1946..........(b)	....	1.27	100	98	5.0	5.1
Central of Georgia Ref. 5½s, 1959......	31.1	1.56	105AG	105	5.2	5.1
Chic. & W. Indiana 1st Ref. 5½s, 1962.	49.9	1.50	105	104	5.2	5.2
Nor'n Pacific Ref. & Impr. 6s, 2047..(a)	166.7	2.43	110G	113	5.2	5.2
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 ....(b)	13.9	X	107½T	108	5.5	5.3
Wabash Ref. & Gen. 5½s, 1975.....(a)	62.4	1.75	105AG	104	5.3	5.3
Balt. & Ohio Ref. & Gen. 6s, 1995..(a)	284.2	2.05	107½AG	109	5.5	5.4
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	90	4.4	5.5
Cuba R. R. 1st 5s, 1952..........	....	2.73	....	78	6.3	6.9
Public Utilities						
Pacific Gas & Elec. Gen. Ref. 5s, 1942..	34.36	1.92	105T	102	4.9	4.7
Montana Power Deb. 5s, 1962.......(a)	3.47	2.67	105T	101	4.9	4.9
Columbia Gas & Elec. Deb. 5s, 1952.....	....	5.15	105T	101	4.9	4.9
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	106	5.2	5.0
Utah Power & Light 1st 5s, 1944.......	....	2.90	105	100	5.0	5.0
Hudson & Manh'n 1st Ref. 5s, 1957.(b)	5.9	2.63	105	98	5.0	5.1
Detroit Edison 1st & Ref. 6s, 1940..(b)	14.0	3.27	107½T	107	5.6	5.1
Postal Tel. & Cable Co. Tr. 5s, 1953....	0.6	1.99	105	95	5.2	5.3
Amer. W. Wks. & El. Deb. 6s, 1975..(a)	12.7	1.43	110	107	5.6	5.5
Seattle Electric—Seattle Everett 1st 5s, 1939 ....(d)	....	2.01	105	93	5.2	5.5
Northern Ohio Tr. & Lt. Genl. & Ref. 6s, 1947 "A" ....(a)	8.4	2.20	110	102	5.8	5.7
Phil. Rap. Trans. 6s, 1962..........(c)	10.0	1.31	105	84	7.2	7.4
Industrials						
Gulf Oil Deb. 5s, 1947..........(c)	....	4.59	104AT	102	4.8	4.7
Allis Chalmers Deb. 5s, 1937........(a)	....	4.61	108T	101	4.9	4.8
Youngstown Sh. & Tube 1st 5s, 1978.(a)	....	3.74	105T	102	4.9	4.9
International Match Deb. 5s, 1947....(a)	....	57.03	109T	99	5.0	5.0
Amer. Cyanamid Deb. 5s, 1942..........	....	9.52	100	98	5.1	5.2
Sinclair Pipe Line 5s, 1942..........(a)	....	3.68	103	98	5.1	5.2
National Dairy Prod. Deb. 5¼s, '48.(a)	3.10	6.99	103½	99	5.2	5.3
Chile Copper Deb. 5s, 1947..........(a)	....	5.69	102T	95	5.2	5.4
B. F. Goodrich 1st 6½s, 1947........(a)	....	2.61	107A	106	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947....(b)	2.6	1.70	105A	87	5.7	6.3
Short Terms						
Amer. Cotton Oil 5s, May 1, 1931.......	....	19.32	105	100¼	4.9	4.7
Humble Oil & Ref. Deb. 5½s, '32..(b)	....	8.05	102½A	101⅞	5.4	4.7
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931..........(a)	17.3	2.12	102	101⅜	5.9	4.7
Convertible Bonds						
Atch., Top. & S. F. Deb. 4½s, '48..	Com.@166.6	5.51	102	129	3.4	..
Inter'l Tel. & Tel. Deb. 4½s, '39...	Com.@66⅔	6.02	102½	122½	3.6	..
N. Y., N. H. & Hart., 6s, '48.....	Com.@100	1.09	....	124	4.8	..
Chesapeake Corp. Col. Tr. 5s, '47...	C&O@196	2.45	100	100¼	4.9	4.9
Amer. Inter'l Corp. Deb. 5½s, '49..	Com.@80	2.34	105	98½	5.5	5.6

All Bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter. F—Not callable until June 1, 1935.

ELECTRIC POWER & LIGHT CORP.

Promising Outlook in Natural Gas

Electric Power System Enters New Field, Dominating in South and Southwest Territory — Future Not Yet Discounted

By William Knodel

THE spotlight in the public utility industry has within recent months been focused on natural gas developments and the tremendous possibilities opening as a result of the large scale exploitation of this resource. So important are these developments held to be that those utility companies in a position to take a prominent part in the expansion that seems inevitable in this field have experienced large advances in the market price of their equity shares, proportionately much greater than the average of all public utility stocks. The sharp gains which have already occurred are of course discounting the increased earnings which will result from entering the natural gas business which at present is only in the early stages of its development.

Vast Potentialities of Gas

Spectacular moves are now occurring on the natural gas chessboard, especially in the territory east of the Rocky Mountains, with the double purpose of acquiring sources of supply and of capturing markets in which to sell the product. The conception that natural gas is of only a temporary importance must yield to another one when it is realized that the gas reserves in this country are tremendous, and although unpredictable with any great degree of precision, they are estimated to last anywhere from fifty years to several centuries. Even in the event of exhaustion sometime in the future, properly maintained gas manufacturing establishments will be ready to put their own product through the extensive pipe lines that are forming a network over the country.

Gas has long been an ideal fuel and practically since the inception of the industry in this country there have been steady annual increases in consumption. Up until recently, however, gas service has been in the main a local one, but with the feasibility of transporting gas through pipe lines for long distances, the entire industry is due for a complete readjustment. The mainspring of this whole development has been the remarkable strides made in the natural gas branch of the industry, which promises to affect the entire gas field both natural and manufactured.

The immediate advantage which natural gas has over the manufactured product is that the former is much cheaper, frequently occurring as a by-product in the production of oil, and in addition to this the heating value is considerably higher. For instance, natural gas has approximately 1,100 heat units per cubic foot as against only 500 to 700 heat units for manufactured or reinforced gas. The superiority of natural gas has made it a favorite in industrial use where it is finding an ever broadening market.

One fact is significant with respect to natural gas and that is wherever it has been introduced the increase in consumption has been much greater than in the case of manufactured gas. This indicates that the vast potential market which exists for gas can actually be developed if done on an economically sound basis.

One of the public utility holding companies prominently identified with the future development of the natural gas industry is the Electric Power & Light Corp. through the acquisition recently of the United Gas Corp., one of the largest and most important natural gas systems in the South and Southwest. Originally, Electric Power & Light Corp. owned large gas reserves in the Monroe field in Louisiana used principally as the fuel in generating low cost electric current in the Sterlington plant of the Louisiana Power & Light Co., one of the subsidiaries. Through another subsidiary, the New Orleans Public Service Co., Electric Power & Light has a large investment in facilities for the manufacture of artificial gas in the city of New Orleans.

With the broad expansion of the natural gas industry and the bringing in of new gas fields, some of them easily available to New Orleans, it was only logical that the city a little over two years ago made a demand for natural gas service similar to that supplied to other communities in the South and Southwest. At first the company was reluctant to inaugurate this service considering its own large investment in gas manufacturing plants, but after attempts of coercion on the part of city officials an agreement was finally reached and natural gas service started in September of 1928.

Large Gas System Formed

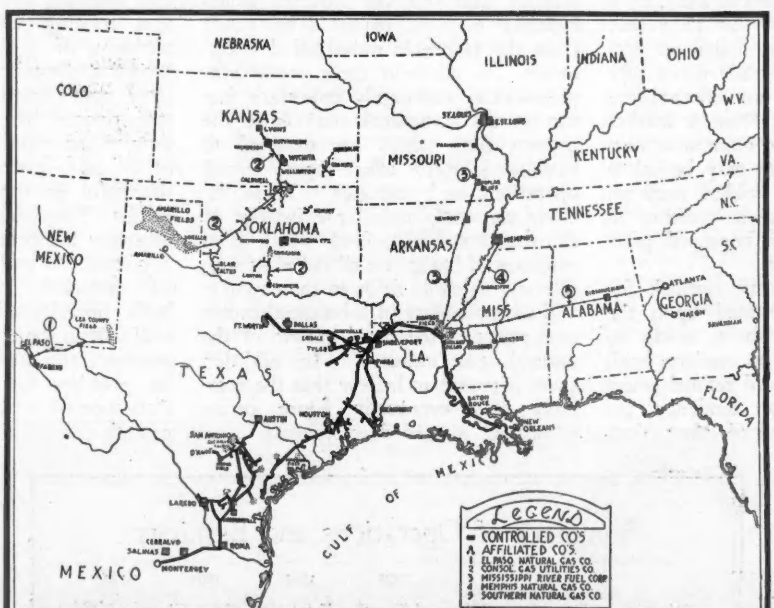
Subsequently, Electric Power & Light expanded its interest in other directions in the natural gas field. The company acquired holdings in the Mississippi River Fuel Corp., and became a stockholder in the Memphis Natural Gas Co. which operates a pipe line running from Louisiana to Memphis, Tenn. The most important step, however, was the recent formation of the United Gas Corporation which will consolidate the natural gas holdings of Electric Power & Light Corp., United Gas Company, Palmer Corp., and Magnolia Petroleum Corp., and which will be the natural gas subsidiary of Electric Power & Light Corp. The new company will have assets estimated at close to $300,000,000 making

it one of the largest companies of its kind in the world, with a pipe line system comprising more than 2,000 miles of main pipe line.

The system will supply natural gas directly or through wholesale agreements with independent companies to important areas in the states of Texas, Louisiana, Arkansas, Oklahoma, Kansas, Missouri, Alabama, Mississippi, Georgia and the Republic of Mexico. Some of the important cities included are St. Louis, Atlanta, Birmingham, Memphis, New Orleans, Monroe, Dallas, Fort Worth, Beaumont, Port Arthur, Orange, Houston, San Antonio, Austin, Laredo and Monterey.

Large Sales for 1930

In 1929 the sale of natural gas of the constituent companies of United Gas Corp. approximated 160 billion cubic feet producing gross revenues of about $22,000,000. Sales for 1930 are estimated at 190 billion cubic feet with gross revenues of $26,000,000. These figures are exclusive of substantial revenues to be derived from oil, sulphur and gasoline operations.



On completion of the financing plan, United Gas Corp. will have outstanding 608,000 shares of $7 cumulative non-voting preferred stock, 628,700 shares of $7 cumulative second preferred, each share with three votes; 7,295,000 shares of common stock, and 3,947,000 option warrants to buy common shares at any time at $33⅓ each. Electric Power & Light will hold 624,680 shares of the second preferred or 99.3%; 3,809,680 shares of common or 52.2%; and 2,700,250 option warrants or 68.4%. Taking recent market prices for the "when issued" common stock and the option warrants of United Gas Corp., and an arbitrary value of $90 per share for the $7 second preferred, the equity of Electric Power & Light Corp. in United Gas alone amounts to approximately $165,000,000, equivalent to $90 on its own common stock and to $65 on the combined common stock and option warrants outstanding.

In view of this large market equity per share, the rapid rise within recent months of the common stock of Electric Power & Light has had a real basis, and the shares apparently have not been over-exploited in relation to the market's evaluation of comparable securities. Additional financing on the part of Electric Power & Light necessary to complete the United Gas Corp. transaction will tend to dilute this equity per share somewhat.

Aside from the recent developments which have taken Electric Power & Light into the natural gas business in a large way, this holding company is one of the important ones in the electric light and power field. The system is affiliated with the powerful Electric Bond & Share Co. organization. The operating subsidiaries of Electric Power & Light may be divided into two groups, the western group serving important areas in Utah, Oregon, and Idaho, and the southern group serving areas in Texas, Louisiana, Arkansas, and Mississippi. All told, the system serves about 634 communities in ten states with an aggregate population estimated to exceed 1,900,000 and customers numbering about 480,000. The properties have been developed on a broad and aggressive basis, heavy investments having been made to extend transmission lines and to effect interconnection with other properties. The system has been predominantly an electric concern, this branch of the business accounting for approximately 60% of the total gross revenues, while transportation has been second with about 30% of gross. The gas business which formerly accounted for only 7% of total gross will of course constitute a very much larger proportion in the future.

Rapid Earnings Expansion

The earnings have shown a definite upward trend. For the year 1929 gross earnings were $59,852,615, an increase of 9.0% over the previous year; net earnings after operating expenses and taxes were $29,562,008, an increase of 15.7%. After all prior charges, allowance for renewals and replacements, and crediting other income, the net accruing to Electric Power & Light Corp. was $10,537,697 against $9,138,824 in 1928. The balance remaining for the common stock, $5,409,727, was an increase of 29.3% over the previous year and equivalent to $2.98 on the 1,813,993 shares of no par common stock outstanding as against $2.37 per share the year previous.

The common stock outstanding has increased slightly since that time due to the exercise of warrants and on March 31st, of this year stood at 1,842,703 shares. In addition to this, the company's capitalization consists of an issue of 5% debentures due in 2030 in the amount of $16,000,000, 510,747 shares of $7 cum. preferred stock, 109,226 shares of Series A cum. second preferred stock, and option warrants for common stock equivalent to 707,037 shares. The largest single stockholder is the Electric Bond & Share Co., which on April 30, 1929, held 312,141 shares of the common, or 18%; 353,408 of the option warrants, or 46%; 9,480 shares of the second preferred, or 9%; and 485 shares of the preferred.

The common stock of Electric Power & Light Co. has experienced a sharp advance in price in recent months, but as already pointed out the company's equity in United Gas Corp. has more than warranted this rise. The true value of the investment in United Gas Corp. of course depends on the earning power of this natural gas unit, but the outlook appears exceptionally good.

(*Please turn to page* 133)

STANDARD OIL OF CALIFORNIA

A Leader in a Strong Market Group

Recent Developments Enhance Prospects of Leading Pacific Coast Oil—Interest in Kettleman Hills Field and Natural Gas Will Augment Earnings

By Edwin A. Barnes

THE favorable nature of recent developments affecting the oil industry has focused attention upon the leading oil shares and while this group was not immune from the wave of liquidation which hit the market during the early days of May, their decline was relatively less than that experienced by other major groups. Moreover the higher grade issues subsequently rallied in an encouraging manner. Interpreted from a market standpoint, the rather impressive performance of oil shares may be taken to indicate that large holders were reluctant to sacrifice their position in the face of the much improved prospects for the industry.

The current optimistic outlook for the industry is predicated upon the progress which has been made in balancing production to conform with demand; both crude and refined prices have shown a stronger tendency; the Royal Dutch-Standard of New York price war in the Dutch East Indies has been amicably settled; and the season of heavy consumption is imminent. Of particular interest is the curtailment of crude output in California, a development which should have a stabilizing effect on the entire market by the elimination of excessive exports to the Eastern seaboard and Far East markets. Additional relief to be accomplished in the same manner is probable and would very likely be accompanied by further price advances.

Aptly termed "The Aristocrat of the Western Oil Companies" the Standard Oil Co. of California is in an excellent position to obtain a substantial share of the benefits which logically may be expected to result from the favorable industrial developments. In addition there are several outstanding and highly important factors in the company's outlook at the present time which are destined to have a salutary effect upon future operations and earnings. These include the company's large interest in the Kettleman Hills field, which gives evidence of being one of the most prolific and valuable fields in the country, and the possibility of substantial profits as a result of the rapid growth of the natural gas industry. In addition there is reason to believe that the company may eventually figure prominently in merger developments.

Standard of California is rated as the largest producer of crude oil in the United States and ranks third among the leading refiners. In common with the other leaders in the industry, operations are completely integrated and embrace every phase of production, refining, transportation and distribution of a diversified list of oil products. Organized in 1879, the company under the guidance of vigorous management has grown steadily and despite the rapidly changing fortunes of the oil industry has been singularly successful in coping with past difficulties. Foresighted and aggressive, the company has been prompt to grasp its opportunities and extend the scope of its operations; dividends have been both liberal and uninterrupted yet well within the confines of conservative practice; and to-day, at the height of its prestige, its future offers ample assurance of continued prosperity and growth.

The present company dates its existence from January, 1926, when it was formed as a consolidation of the former Standard Oil of California and the Pacific Oil Co., the latter acquisition resulting in substantially increasing the controlled oil acreage. Total acreage at the end of last year amounted to 1,177,586 acres in the United States, the greater portion of which is located in California and Texas,

Summary of Operations and Earnings

	1929	1928	1927	1926
Production, crude ....bbls.	51,534,163	49,481,849	53,670,274	51,067,922
Production, crude, daily...bbls.	141,190	135,196	147,042	139,912
Acreage—Domestic	1,177,586	1,046,527	912,535	888,007
Acreage—Foreign	1,194,947	944,991	1,261,135	1,278,995
Net income	$70,317,691	$66,026,086	$61,488,544	$70,840,636
Depreciation and depletion......	$21,089,201	$19,996,261	$20,053,366	$18,670,314
Net earnings	$46,633,490	$46,083,817	$40,210,952	$55,122,014
*Earned per share...............	$3.63	$3.66	$3.19	$4.38
Price range ....High	81⅞	80	60⅜	68⅝
Price range ....Low	51½	53	51⅜	52⅝

* Based on number of shares outstanding at end of year.

and in addition the company controls 1,149,947 acres in Venezuela, Colombia and Mexico, making a total of 2,327,533. A sufficient portion of this acreage is proven to indicate that the company is adequately supplied with reserve production.

Included in the oil lands of the company are 30,000 acres located in the Kettleman Hills, representing about one-half of the total acreage in that district. Practically all of the remainder is owned by the United States Government. Curtailment agreements have prevented the company from determing the potentialities of this field but such progress as has been made to date has shown highly gratifying results. According to the company's 1929 report of operations, it is estimated that the proven area in the North Dome alone amounted to 6,000 acres. This, however, is undoubtedly an ultra conservative estimate, particularly in the face of reliable outside estimates indicating considerably larger proven acreage. The entire interest of the company in Kettleman Hills is valued at $7 per acre on the 1929 balance sheet but the most conservative estimate of competent geologists places a value of at least $50,000 per acre on the proven area alone or a total of $300,000,000.

The company reports that a single well in Kettleman Hills produced on an average of 4,000 barrels daily of 60° gravity oil and 104,000,000 cubic feet of wet gas per day from which was extracted an average of 2,100 barrels of natural gasoline daily. Casinghead, or natural gasoline, is valued at from $3 to $4 per barrel. Another important by-product produced in large quantities in the company's Kettleman Hills development is natural gas, salable at about 5 cents per thousand cubic feet and this brings to consideration another important project recently undertaken by the company.

Realizing the necessity for obtaining for itself a suitable outlet for the present large production, and even greater potential output of natural gas, the company acquired control of the Pacific Public Service Co., last year. A subsidiary of the latter company, the Coast Counties Gas and Electric Co. serves an important industrial area bordering on San Francisco Bay and adjacent territory and arrangements have been completed for the construction of a pipe line 200 miles in length and having a capacity of 200,000,000 cubic feet daily, for the purpose of meeting the natural gas requirements of this newly acquired company. The proposed pipe line will be constructed and operated by a subsidiary, the Standard Pacific Gas Line, Inc., jointly controlled by Standard Oil of California and the Pacific Gas and Electric Co. As a result of this arrangement, both companies were able to effect a substantial savings. A long term contract was also made with the Pacific Gas and Electric for the sale of natural gas. It is thus immediately apparent that the company has made ample provision for the disposition of its natural gas production and income from this source should substantially augment future earnings.

The company has also been successful in developing another natural gas outlet in the form of a trade-marked product known as "Flamo," which is liquefied natural gas. This product is stored in steel containers and sold in the sparsely populated rural districts not served with pipe lines. Late last year a new subsidiary, the American Bitumuls Co., was formed by the consolidation of two independent enterprises engaged in the manufacture of road oil and asphalt and another new unit, the Bahrein Petroluem Co., Ltd., was organized for the purpose of developing oil lands on the Bahrein Islands, located in the Persian Gulf. Standard of California has interested itself actively in development of aviation and in association with the New Jersey and Indiana Standard Oil companies has produced several types of lubricating oils designed for use in aircraft. These phases of the company's business, while supplementary to major activities, are by no means unimportant and serve to illustrate the aggressiveness of the management in fulfilling the spirit of the times.

Total production of crude oil by the company in 1929 amounted to 51,534,163 barrels or an average of 141,190 barrels daily, the highest rate of the past four years with the exception of 1927. Exclusive of the large pinched-in production in Texas, the company at the close of the year had a total potential production—actual and shut-in—of 192,513 barrels daily. Pipe runs in 1929 averaged 213,769 barrels, a figure substantially higher than in the two previous years and practically the same as 1926. Crude oil inventories as of December 31st, 1929, were more than 2,000,000 barrels greater than at the end of 1928 and totalled 51,509,487 barrels, valued on the balance sheet at $1.01 each.

In addition to the company's extensive producing facilities, it is adequately equipped with storage, pipe line and refining equipment. There is also a fleet of 23 ocean-going vessels and 18 lesser craft, having a combined capacity of 1,723,867 barrels and a total of 50,230,037 barrels were transported by this fleet in 1929.

Capitalization of Standard Oil of California consists solely of 12,845,980

(*Please turn to page* 149)

Ewing Galloway Photo

Standard Oil Refinery at Richmond, Calif., near San Francisco

Rubbers Are Ready for a Rebound

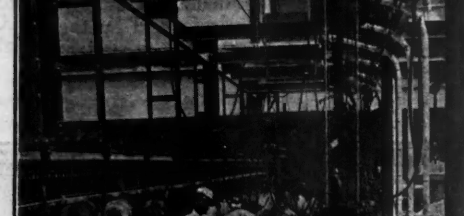
Industry Faces Seasonal Upturn in Activity and Demand. Inevitable Mergers Contribute to Speculative Attractiveness of Selected Rubber Stocks

By W. R. SMITH

WILL the Cyrus Eaton—Otis & Co. interests in Goodyear consent to a consolidation with the DuPont, Kuhn-Loeb sponsored United States Rubber Co.—to form the "General Motors" of the rubber industry? At the present moment, the answer appears to be—"No"; but powerful economic forces now appear to be at work that will compel some important mergers in the rubber industry before many months have passed.

Late in 1929 the merger of the B. F. Goodrich Co. of Akron and the Hood Rubber Co. of Watertown started the ball rolling. This was the first major consolidation in the rubber industry in several years, and materially strengthened the position of Goodrich by adding at one stroke the largest interest operating in the rubber footwear division, thereby greatly diversifying the Goodrich line of products and sources of income. Not content with this acquisition, the Goodrich company is just completing arrangements to absorb the Miller Rubber Co. of Ohio through exchange of common stock. Prior to 1926 Miller was one of the most prosperous of the smaller manufacturers of tires and general rubber goods, but in more recent years has been hit severely by the highly competitive conditions prevailing in the industry. The purchase price appears to rather fully discount this unfortunate situation; and with the advantages of larger working capital, a strong financial condition and much wider distribution facilities which Goodrich enjoys, this merger should be mutually advantageous.

Another, and third important acquisition by the Goodrich company in recent months, is now reported in the active negotiation stage. The Fisk Rubber Co. of Chicopee Falls—and one of the oldest concerns in the industry—has been actively considered for membership in the rapidly growing Goodrich organization. Fisk is at present dominated by the Dillon-Read banking interests, whereas a new banking group consisting of Otis & Co., Goldman, Sachs & Co. and the Chase Securities Corp. has just replaced the representatives of Guaranty Trust and the Bankers Trust Co. on the directorate of Goodrich. Should the present Fisk deal go through to completion, Goodrich would not only add materially to its stability of income and distribution facilities, but would also closely approach in volume of annual sales the enviable position now held by Goodyear—the present leader of the rubber industry.



Taking "cured" tires out of moulds and putting "green" tires in

Leadership Changing in the Rubber Industry

It was only a few years ago that the United States Rubber Co. was the undisputed leader of the entire rubber industry from the angle of total dollar volume of sales. As far back as the year, 1920, U. S. Rubber's total annual sales aggregated $256,000,000, which compares with Goodyear's 1929 total of $256,227,067—and in a year when the automobile industry was operating at peak levels and total consumer demand increased substantially. The first, second and third position ranking a few years ago was U. S. Rubber, Goodyear and Goodrich. Today it is Goodyear, Goodrich and U. S. Rubber; and should the impending Fisk Tire negotiations be successfully completed, competition for first place would be unusually keen.

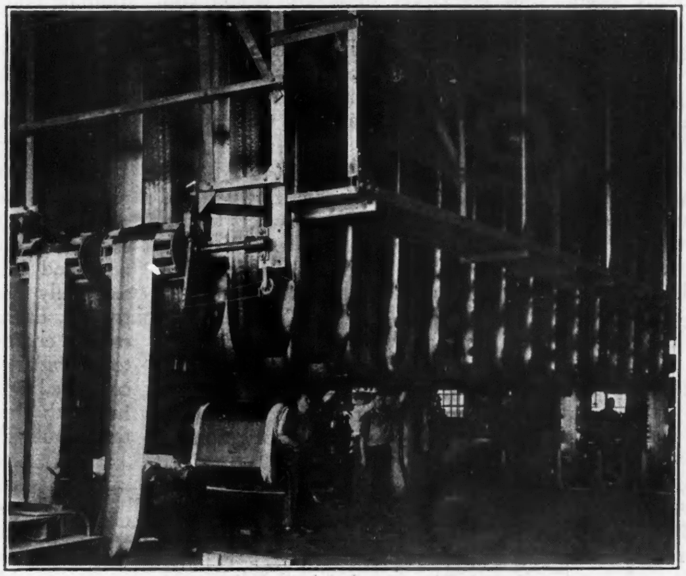
As to the possibility of a merger between Goodyear and U. S. Rubber in the near future, the answer to a stockholder's question by F.

B. Davis, president and chairman of the board of the U. S. Rubber Co., is of interest. Mr. Davis replied: "As far as the U. S. Rubber Co. is concerned, we can see no present advantage in consolidation with any other rubber company. Our present efforts are being devoted to putting our own house in order." Of course, the direct relationship between General Motors, with its tremendous annual tire requirements, and the U. S. Rubber Co. —in both of which the DuPont interests play a leading role—is of definite value in any merger program, and constitutes a plum that Goodyear would undoubtedly like to pick.

On the other side of the picture, it is significant that the Eaton-Otis interests not only have obtained the ascendency in Goodyear, but are also on friendly terms and in close contact with U. S. Rubber—not to mention the important banking services now being executed for both Firestone and Goodrich by the Eaton-Otis group. Additional light may be shed on this picture by the recent stock increase from 1,450,000 to 5,000,000 shares recommended by President Litchfield of Goodyear and approved by the stockholders on March 31st, 1930. In connection with his recommendation President Litchfield said: ". . . In the present state of the industry there *may develop opportunities to acquire on advantageous terms* property valuable to the company, and which the board should be in a position to act upon."

Of still further interest in this connection is the fact that Edgar B. Davis, one of the influential stockholders of Goodyear, is known to be a strong advocate of rubber growing by manufacturing companies; and in view of the great value which he places on the U. S. Rubber Plantations, Inc., has added considerable momentum to the Goodyear-United States proposed combination. Undoubtedly the Eaton interests are somewhat in agreement with this development, but apparently are in no great hurry to undertake such a gigantic consolidation and the necessary financing it involves—at least not until the market and general business conditions in the rubber industry are more propitious.

As a preliminary step, however, there appears to be considerable weight to the rumor now in circulation that the Seiberling Rubber Co. will shortly be acquired by Goodyear. Frank A. Seiberling—an outstanding figure in the rubber industry today, and formerly president of Goodyear—is an influential stockholder of Goodyear and also a close friend of Edgar B. Davis. Both are interested financially in Goodyear Shares, Inc., and are reported friendly to the Eaton-Otis banking group. Moreover, the avowed purpose of the Eaton-Otis managed investment trust, Continental Shares, Inc., as revealed in the listing application to the New York Stock Exchange, is to, ". . . Acquire substantial holdings . . . in prominent companies in such basic industries as steel, rubber and public utilities. These larger investments are held with a view to promoting more effective operation and more efficient management by means of cooperation among, *or mergers or reorganization* of the companies concerned."



Rubber which later will form the tread of a tire passes through this apparatus to cool and contract

From a close study of all the evidence now available, it appears clear that Mr. Eaton and his associates are definitely laying the foundation for a sounder and more profitable situation in the rubber industry, and that mergers of major importance are in the making. This situation alone provides plenty of ammunition for speculative moves in selected rubber securities; but in addition, the trend of manufacturing activity in this industry during the next few months is seasonally upward.

From the standpoint of earnings, the past record of nearly all companies in the rubber industry is not particularly impressive; but looking at the volume of business both in immediate and longer term prospect, the outlook appears fundamentally sound. As to current developments, the U. S. Rubber Co. reports that its Detroit tire plant is operating at 100% capacity and that the daily output now stands at the highest level since 1906, when the plant first opened. During the next 90 days similar seasonal gains are likely throughout the industry. Earnings in the second quarter should reflect this improvement and still further, and more substantial gains, appear likely in the last six months.

Looking at the market price level existing today for leading rubber securities, it is evident that an opportunity now exists to buy into this industry on a very favorable price basis. This situation is graphically portrayed in the accompanying chart showing the market action of Goodyear, Goodrich and United States since the first of this year. Note the sharply upward price trend during the first quarter, despite unfavorable earnings. At present, with earnings improving and the seasonal peak of activity ahead—not to mention the speculative profit possibilities through pending mergers—the near-term prospect appears even more promising.

The less promising sides to this whole industry are definitely present, however, and should be carefully considered by any purchaser of rubber company securities at this time. In the first place, the original equipment division of the rubber tire industry, constituting some 28% of the total, has been hard hit by the slump in automobile demand, as well as by non-profit prices on large contracts that were accepted originally merely to take care of overhead in the factories and to advertise the product. This situation is improving slowly as new-car demand expands; but in addition, there has been for some time an exceptionally narrow profit margin on replacement sales—the real backbone of the industry and estimated to make up some 69% of the total tire sales. On top of these factors should be added the very unfortunate cut-throat competition that exists in the distributing end of the industry, and

Rubber Stocks Suggested for Profit

Company	Current Price	Dividend (Dollars)	Yield (%)	1929 Earnings on Common	1929 Sales Totals
Goodyear	$80	$5.00	6.3%	$9.34	256,237,067
Goodrich	40	4.00	10.0	4.53	164,494,957
U. S. Rubber	29	....	...	Deficit	192,962,040

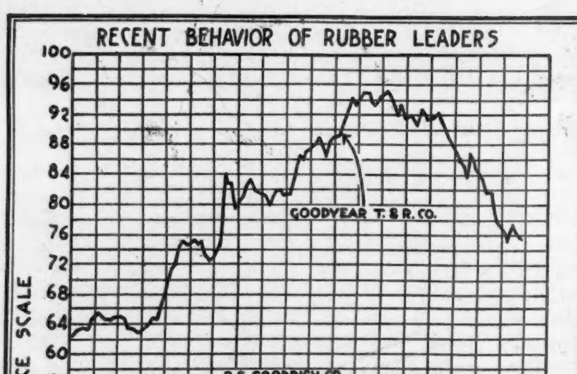
the ever-present risk of loss in carrying the four to six months' inventory which the very nature of the manufacturing process necessitates.

In the past, inventory losses have been the cause of some very drastic declines in earning power experienced by nearly all concerns in the industry. Rapid price changes of major extent cause havoc in many lines of business; and a rise from 17 cents to $1.31 per pound and subsequent collapse to 14 cents again in crude rubber was no exception. However, during the coming months, with world stocks of crude estimated as of May 1st at 440,000 tons, compared with 295,000 tons a year ago, the danger from this source appears practically eliminated.

Rubber prices no longer are hampered by the Stevenson Restriction Plan, and under the natural laws of supply and demand have settled down to a 14 to 15-cent level. With this excess supply of some 145,000 tons hanging over the market, it might seem at first thought that further weakness was likely in the near future. However, the very costs of production forbid any important drop below the present abnormally low price—even though the 14-cent level is the lowest since 1922. In fact, the U. S. Rubber Co. recently reported that its extensive crude rubber producing plantations were operated during the past year at a profit of only $666,044—compared with $1,000,000 in 1928, $4,000,000 in 1927 and $6,000,000 in 1926. U. S. Rubber, through this plantation subsidiary, owns 135,160 acres of land in Sumatra and Malaya, with 92,600 acres planted and some 64,000 acres bearing. It is important to note that during 1929 a total of 32,971,000 pounds of crude rubber were obtained from these rubber trees, against 28,767,000 pounds in 1928; and yet, with this increased output, the net profits from the plantations alone dropped over $330,000.

And still more significant is the fact that due to highly efficient methods of cultivation, these U. S. Rubber plantations are yielding on the average 570 pounds to the acre—compared with 386 pounds per acre obtained by the rubber producing industry as a whole. But despite such demonstrated high cultivation efficiency, it is only fair to assume that these plantations are practically unprofitable to the parent company at today's low level of crude rubber prices. However, should prices rise no more than about 10 cents per pound, this plantation subsidiary would add over $2,000,000 to U. S. Rubber Co.'s annual earnings. It is this possibility, ever present, which makes the huge original investment in this rubber growing project appear well worth while.

Very commendable efforts are currently being made by English and Dutch rubber plantation owners to curtail output, by agreeing to a "tapping holiday" for 30 days of May; but plantations so affected contribute only about 45% of the world's total—with the estimated huge proportion of 47.6% under Asiatic ownership continuing without interruption to add to the record world rubber stocks already existing. This month's cessation of tapping should reduce the stocks by about 30,000 tons, and have a favorable psychological effect on future cooperation; but even allowing for this assistance, the year, 1930, is likely to end with a full six months' normal requirements of industry on hand.



It is quite likely that some temporary firmness in crude rubber markets will develop when the first reports of the outcome of the "tapping holiday" are announced; but obviously the total possible reduction in stocks is small and only a step in the right direction. However, this constantly mounting excess inventory of crude rubber and the low prices prevailing will act as restraining influences working to prevent the raising of tire prices by the leading manufacturers—a move they will undoubtedly consider in an effort to overcome the extremely narrow profit margins now prevailing throughout the automobile tire industry.

Despite the several adverse factors previously mentioned, the rubber company securities appear to have some excellent profit possibilities if purchased now and held during the period of seasonally increasing manufacturing activity. Earnings' reports for the six months ending with June are not likely to provide interesting reading when compared with the first half of 1929; but both the second and third quarters should show progressive improvement over the initial three months, and the last half promises to compare very favorably with 1929.

The April and early May reaction has provided some very attractive levels at which to make purchases; and the issues with most promising profit possibilities for holding during this peak seasonal activity appear to be Goodyear, United States and Goodrich — in the order named. General Tire also appears reasonably priced in relation to earnings, and has the added possibility of a stock split-up in the not-too-distant future; but the limited market and small number of shares outstanding make it less suitable for the average investor. A description of some of the individual merits of these recommended issues follows:—

(Please turn to page 158)

The Most Popular Investment Issues in Wall Street

Close observation of the investment favorites of institutions, portfolios of large investors and leading organizations in the Wall Street district reveals a marked preference for certain prominent common stocks above all others for investment purposes. From our study we present herewith a list of the twenty issues which appear as the most popular. It is indeed an impressive group, and might well be represented in any investment portfolio. During the past three or four months we have analyzed and recommended a large number of these stocks on which sizable profits have already been realized. In this issue we present brief analytical sketches of seven more which we believe to be in a particularly favorable position for investment and profit, particularly in view of the recent declines in the general list.

The 20 Most Popular Stocks in Wall Street

American Can	**Columbia Gas & Electric**	**Liggett & Myers**	**Public Service of N. J.**
American Tel. & Tel.	**Consolidated Gas**	**National Biscuit**	**Standard Oil of New Jersey**
American Tobacco	**Electric Bond & Share**	**New York Central**	**Union Carbide & Carbon**
American Gas & Electric	**General Electric**	**Pacific Gas & Electric**	**Union Pacific**
Atchison	**International Harvester**	**Pennsylvania**	**U. S. Steel**

Consolidated Gas Co. of N. Y.

A First Choice of Many

Price 125 Dividend \$4 Yield 3.2%

	Sales of Electricity Billions k.w.h.	Sales of Gas Billions cu. ft.	Earned per Share Common
1929.....	3.86*	42.88	4.75
1928.....	3.46*	43.16	4.52
1927.....	2.32	42.50	3.99
1926.....	2.06	44.99	4.80
1925.....	1.83	41.77	4.13

*Includes Brooklyn Edison Co.

THE favor with which Consolidated Gas Co. of New York is considered as an investment stock is clearly indicated by its popularity with the investment trusts, more of them holding this stock in their portfolios than the stock of any other company. And deservedly is Consolidated Gas entitled to this high investment rating both on its past record and on its future prospects. The company is the largest gas and electric public utility enterprise in the world.

Operating in the metropolitan area of New York City, the company is one of the most compact systems in the country, with a heavy consumer field. Through its subsidiaries it supplies all the gas and electric service in the boroughs of Manhattan and Bronx, all the electricity in Brooklyn, and all the electricity and a part of the gas in Queens. To the north of the city practically the entire county of Westchester, a rapidly developing suburban area, is served with gas and electricity. The company is pursuing the policy of further expansion in this territory, having already acquired control of the New York Steam Corp., and the eventual acquisition of Brooklyn Union Gas Co. is another probable move.

At the close of 1929, the system had 2,335,772 electric meters on its lines, and 1,135,457 gas meters. Electric sales during 1929 continued the increase which has been shown for many years with a gain of 11.5% over the preceding year. Gas sales have been practically stationary for some years, and in 1929 decreased slightly, about 0.6%. The large scale demolition of the older types of tenements where average consumption of gas was much higher than in the new multi-family dwellings replacing them is largely responsible for this, but is being counteracted by the larger sale of gas appliances, gas refrigeration and gas heating installations.

Gross revenues for the system in 1929 were \$222,524,249, representing an increase of 4.7% over 1928. Roughly, about 83% of the total revenues were derived from the sale of electricity, which is the branch showing consistent gains averaging about 12% annually. Operating expenses including maintenance were \$103,419,288 indicating an operating ratio of 46.5% as against 49.5% the preceding year. Indeed, a bettering of this ratio has been shown for many years and is a result of the improvement program whereby the system keeps its plants efficient and of ample capacity and design to take care of future expansion. In view of the steady annual growth in revenues, the cutting of expenses has a doubly beneficial effect on the net earnings. In 1929 these amounted to \$79,584,219, a gain of 9.3% over 1928, and equivalent to \$4.75 on the common stock as against \$4.52 the year before.

Consolidated Gas has excellent prospects in its own territory, but in addition the system occupies a key position in future power tie-ups in the North Atlantic region. The common stock has enjoyed a healthy rise in recent months and while the yield on the recent price of 125 is only 3.2%, the potentialities in the situation are sufficiently attractive to recommend purchase.

(*Please turn to next page*)

Liggett & Myers Tobacco Co.

In the Buying Zone

Price 108 Dividend $5* Yield 4.6%

	Net Income (millions of dollars)	Earned per Share (A)	Number of Shares Outstanding (A) (millions)
1929	$22.0	$7.82	2.8
1928	19.4	6.82	2.8
1927	18.7	6.57	2.8
1926	17.6	6.14	2.8
1925	15.3	5.24	2.8

* Including $1 extra.

(A) Combined Class B and Common.

RANKING third in the industry and manufacturing three of the six most popular brands of cigarettes, Liggett & Myers has shared bountifully in the prosperity which has shone on the leading producers of low priced cigarettes during the past ten years. Despite the existence of the keenest sort of competition, the company's earnings have more than kept pace with the rapid growth of production and consumption, and aside from the quality and appeal of its products, this fact may be attributable to the unusual degree of concentration found in the industry. The four leading producers supply 90% of the total consumption, according to reliable estimates, a situation which tends to practically eliminate any tendency toward unethical competitive practices. The cigarette industry is also singularly immune from periods of industrial depression.

While the bulk of the company's profits are derived from its Chesterfield brand, output is amply diversified and includes Piedmont, Fatima and other brands of cigarettes in addition to a number of well known brands of pipe and plug tobacco and little cigars. In common with other companies in the field, Liggett & Myers has spent large sums for advertising, resulting in increased sales and the creation of a valuable asset of good will and trade mark. The company, however, conservatively lists this asset at $1 on its balance sheets. Financial position is excellent.

Responding to the powerful stimulus given to the demand for popular priced cigarettes by the ever increasing ranks of women smokers and the change in the public taste, earnings of Liggett & Myers have displayed a consistent upward trend and in 1929 established a new high peak. Giving effect to the increase in common stock resulting from the subscription privilege accorded shareholders in March, profits last year would have been equivalent to $6.51 per share on the combined class B and common stock. This year, however, the company will have the full benefit of the former wholesale prices restored last October, as well as the additional funds raised earlier this year. Allowing also for a further gain in consumption, the company has an excellent chance of increasing per share earnings to approximately $10 per share.

Paying regular annual and extra dividends of $4 and $1 respectively, the class B common shares afford a reasonable income return at prevailing levels around 108 and combine recognized investment merit with assured earnings and well defined possibilities for price appreciation. In addition to 3,137,440 combined class B and common stock, capitalization consists $28,306,200 funded debt and $22,514,100 non-redeemable 7% preferred stock. Both classes of common stock share equally in dividends and are otherwise identical with the exception that the "B" shares carry no voting power.

American Gas & Electric Co.

A Diversified Utility

Price 144 Dividend $1, cash, 4% stock Yield 4.7%

	Electric Output Millions k.w.h.	Earned per Share
1929	NF	5.99
1928	3,302	5.02
1927	3,127	3.97
1922	1,028	NF

NF—No figures

THIS company, despite its name, has no connection physically or corporately with the gas industry but is almost entirely an electric power and light system, and has a small interest in the sale of steam. The finances of this company and of its subsidiaries are handled by the Electric Bond & Share Co. which also has a 9% interest in the common stock.

The system operates in a diversified territory serving directly or indirectly 947 communities with an aggregate population estimated at 2,721,000 located in the nine states of Pennsylvania, New Jersey, Virginia, West Virginia, Kentucky, Tennessee, Ohio, Indiana and Michigan. Some of the more important communities served include Roanoke, Va., Newark, O., Scranton, Pa., South Bend and Muncie, Ind., Atlantic City, N. J., and Wheeling, W. Va.

A large part of the properties are interconnected by high voltage transmission lines, extending from Michigan to Tennessee forming one of the largest interconnected systems in the world. Interconnection, moreover, is had with neighboring companies extending the sphere of the system considerably. At one time, American Gas & Electric owned considerable traction properties but these were disposed of in 1927, and now there is practically none.

The management has made strenuous efforts to enlarge the total load and consumption by promoting industrial and general use of power using appliances, both large and small, and by passing on to consumers the benefits of lower costs of producing and delivering current because it is realized that the extent of use is dependent on or at least considerably affected by the price at which users, especially industrial companies, may purchase current. The physical expansion of the properties and the construction and enlargement of plants is done with this purpose in mind. A notable development in 1929 was the installation of a new 165,000 k.w. generator, one of the largest in the world, at Philo, Ohio; and in March of this year a new power station with initial capacity of 128,500 k.w. but designed for an ultimate capacity of 400,000 k.w. was completed, near Atlantic City, to be operated jointly by American Gas system and U. G. I.

Besides the excellent industrial territory in which the company operates, the management has gone aggressively after farm electrification business, and today has over 13,000 farm and rural customers. Expansion in this direction, moreover, tends to bring about a healthy decentralization of industry. The system as a whole has shown remarkable gains in electric output and gives every indication of continuing to do so.

The steady growth of the system has been reflected in a comparable increase in the earning power of the properties. Gross revenues in 1929 gained 9.1% over those of 1928 and stood at $71,030,242. After all expenses and prior charges, there remained for the holding company $15,185,515 and adding to this other income of $9,137,492, total income amounted to $24,323,007, a gain of 14.8% above the preceding year. The balance on the 3,138,052 no-par shares of common stock was equivalent to $5.99 per share, as against $5.02 on the same basis in 1928.

The common stock selling on the New York Curb Exchange at 144 and carrying regular annual dividend of $1 in cash and 4% in stock, yields a total return to holder of approximately 4.7%. The price represents about 25 times last year's per share earnings, a liberal valuation in comparison with other electric utilities, but in view of the company's excellent prospects for continued expansion within its own territory the stock is an attractive holding for the long pull.

Standard Oil of New Jersey

In Line for Stock Dividends

Price 75	Dividend $2.00	Yield 2.6%
	Total Gross Earnings	Earned per Share Common
1928	$1,302,779,122	$4.43
1927	1,256,505,071	1.52
1926	1,263,554,861	5.01
1925	1,122,662,611	4.72

TO many people, the mention of the name of that industrial giant, Standard Oil Co. of New Jersey, connotes only an immense unit in the petroleum industry. It is, however, much more than that, for the company is extensively interested in the chemical industry and is an important factor in the natural gas industry. Indeed, the company through subsidiaries, is one of the largest producers and distributors of natural gas in the country, and is one of the largest holders of potential gas lands under lease.

For some time past, Standard Oil of New Jersey has enjoyed the distinction of being the largest refiner of petroleum products in the world. The producing properties are located in ten foreign countries in addition to the United States and yield sufficient crude oil to take care of about 50% of the company's total refining capacity. A network of some 3,200 miles of pipe lines together with a large fleet of tankers make the company largely independent of outside transportation and permit important economies. The company's expansion in marketing has been no less aggressive and now sells directly in practically every state along the Atlantic and Gulf coasts. In the foreign field, Standard of New Jersey has extensive refining and marketing interests, operating in the West Indies, Central and South America, England and several countries on the continent of Europe, and has substantial investments in companies marketing in France, Germany, Belgium, Holland, Switzerland, Italy, Finland and the Scandinavian countries.

Diversification has carried Standard's activities into the chemical and drug field, producing and distributing many products and trade-marked specialties not generally associated with this petroleum giant by the public. Joint control of the Ethyl Gasoline Co. with General Motors constitutes one phase of the company's interest in the chemical-oil field, and the alliance with the German Dye trust relating to the latter's patent for coal and oil hydrogenation gives promise of important developments. This process allows greater recovery of gasoline from lower grade crudes, a factor of vital importance from a profit standpoint.

The most recent earnings statement available is for the year 1928 and shows gross revenues of $1,302,779,121, and after allowing for all charges including depreciation and depletion the net profit was $108,485,686 equivalent to $4.43 per share on the common stock. The per share earnings for 1929 are estimated at about $5.25 per share.

Current dividend rate affords the stockholder a relatively low yield, but the company's policy has long been to plow earnings back into the business, thereby constantly increasing the equity. The long dividend record consisting of regular payments since organization reflects the high investment merit of the issue. Current disbursement is $1 regular and $1 extra per annum. For the long term future, regular dividends of $2 a share can logically be anticipated, with the probability of further extras. Recently there have been rumors of pending stock distribution and a merger involving a large Pacific Coast oil company may possibly materialize.

With the more rational attitude prevailing currently in the oil industry approaching a condition of stabilization, and indications that consumption of gasoline and other petroleum products will continue running ahead of last year, in other words at the highest rate in the history of the industry, the the immediate outlook is probably the best that it has been in some years. The exceptionally strong position of Standard Oil Co. of New Jersey in the industry together with the favorable circumstances in connection with its diversified aspects commend the common stock as an attractive commitment.

Pennsylvania Railroad Co.

An Investment With a Future

Price 78	Dividend $4.00	Yield 5.1%
		Earned per Share
1929		$8.82
1928		7.34
1927		6.83
1926		6.77
1925		6.23

THE high calibre of the management of the Pennsylvania Railroad is reflected in the steady progress which this company has accomplished since 1922, especially noticeable in the remarkable recovery in earning power which has again placed the common stock on a high investment level. The year 1929 was a record year from the viewpoint of net earnings, although gross earnings were exceeded only in 1926. The increase in Pennsylvania's earning power, however, is not so much due to rising gross revenues, because over a period of years this has shown somewhat of a stationary tendency, but rather to a constant improvement in operating efficiency of the railroad.

For instance, the year 1929 marked the ninth consecutive one in which the operating ratio has shown a decrease, being 72.2%, against 73.8% in 1928, 76.8% in 1927 and 87.6% in 1921. Another significant factor is the ability of the management to pare down expenses when business drops off, especially as it is apparent that the current year will be one of lower freight volume than last year. Two instances may be cited, 1924 and 1927. In the former year, gross revenues dropped $76,098,233 from the preceding year but total operating expenses were reduced almost as much, or to be precise, $73,067,557. Again in 1927, gross dropped $44,966,427 but expenses were reduced $39,691,916, so that in both cases net revenues were almost the same.

In 1929, total gross revenues were $682,702,931, of which $482,896,402 was derived from freight. This is an increase of 4.9% over 1928. The operating expenses, which include maintenance charges, amounted to $493,150,592 an increase of only 2.7% over 1928, so that net operating revenues increased 11% to $189,552,339. After deducting taxes, net operating income was $133,139,626 an all time record and an increase of 13.5% over the preceding year. After all prior charges per share earnings for 1929 were $8.82, comparing with $7.35 in 1928. The results for the first quarter of 1930 showed substantial declines from the corresponding period of the year before, total gross was 9.4% lower at $142,061,595, while net operating income was down 29.5% at $19,406,721. Improvement is expected in the second half of the year and full year results may possibly approach those attained in 1928.

Pennsylvania has an enviable dividend record extending back unbroken to 1847. The present rate of $4 per annum is earned by an ample margin, and was raised to this level in 1929 from $3.50 which was paid since 1926. The road's consistently high earning power is supported by its dominant position in the Eastern trunk line territory, the splendid physical condition of the property, and the excellence of the management. At the recent price of 75, the stock returns a yield of 5.4% and sells well within its merits.

(Please turn to next page)

National Biscuit Co.

Leader in "Depression Proof" Industry

Price 85 Dividend $2.80 Yield 3.35%

NET EARNINGS

1929	$26,735,017
1928	22,604,833
1927	20,675,598
1926	18,832,002

THE common stock of this world leader in the biscuit industry long has been a popular favorite with investors—not only because of the exceptionally strong financial position and capable management which the National Biscuit Co. enjoys, but also on account of the steadily upward trend in earnings—a trend which has been uninterrupted for over 10 years.

Not content with the present intrinsically sound position of the company, the management is constantly seeking new outlets for profitable expansion of sales. In 1929 the well-known Shredded Wheat Co. of Niagara Falls was acquired, this being the entering wedge —and a powerful one—of National Biscuit into the very profitable breakfast-food field. In fact, this acquisition is only one step in a very ambitious expansion program which company officials recently revealed. The final stages of negotiations for the Pacific Coast Biscuit Co. are currently reported in progress; a new carton factory at Beacon, N. Y., is about completed and will reduce substantially costs for the eastern plants, through savings in freight and the smaller inventories that can be carried; and a large and highly efficient cake plant is under construction in Newark, to be ready for service early this summer. When National Biscuit first entered the cake and bread field in 1927, it was more as an experiment; but results to date have exceeded all expectations, and even expansion in this side-line division is now under way.

First quarter earnings equalled 70 cents per share of common stock, which compares with 71 cents on the equivalent number of shares in 1929. While this result merely covers the three months' dividend requirements, the prospect for the balance of 1930, with recent acquisitions, and the particularly well located new cake and carton plants beginning to contribute, is particularly bright. National Biscuit has no bank indebtedness; has a current ratio of better than 6 to 1, including $30,000,000 in cash, government bonds and marketable securities; and has total assets of over $133,000,000.

It is no wonder that this well sponsored common stock enjoying such a background of uninterrupted dividend payments, expanding earnings, and capable and progressive management should be popular with investors today. Furthermore, National Biscuit operates in a vitally essential and repeat-order type of industry—food products—and belongs to that exclusive coterie of "depression proof" securities that have never reported a deficit since incorporation. The current low yield of 3.37% reflects these many advantages; but for the patient investor who buys to hold, National Biscuit common has always returned a generous reward in the past—in stock, in extras and in market price appreciation—and gives every promise of continuing to do so in the future.

United States Steel

Premier Industrial Investment

Price $169 Dividend $7.00 Yield 4.15%

TOTAL ANNUAL INCOME

1929	$265,838,982
1928	200,966,299
1927	172,315,489
1926	207,345,154

THE common stock of America's premier industrial corporation rightly enjoys a place in every well diversified investment portfolio. The tremendous financial resources, large earning power and basic character of U. S. Steel's annual business combine to make this common stock truly representative of a partnership in the industrial future of America. And when it is possible to obtain an investment of this type at a price less than eight times last year's earnings, as at the present time, and price level of 169—certainly an unusual opportunity exists for the investor with liquid funds available.

Wide Diversification of Interests

The U. S. Steel Corp. is the largest industrial enterprise in the world; and even in other fields, is exceeded in size by only a few railroad and public utility groups. It is the holding company whose important subsidiaries include Carnegie Steel, Illinois Steel, Tennessee Coal, Iron & Railroad, American Steel & Wire, National Tube, American Bridge, American Sheet & Tin Plate, Universal Portland Cement, and the recently acquired Columbia Steel and Atlas Portland Cement companies. Moreover, this industrial giant enjoys the many advantages of "vertical integration"—with every single division of the business, from the raw materials right through to the finished products and the sales distribution, in the hands of U. S. Steel controlled organizations —each a specialist in its own particular field, and yet all contributing to the final finished product offered to the world's industries.

The chief ore bodies are located in the Missabe and Vermilion ranges in Minnesota, and assay on the average over 50% iron ore. In no other location in the world can iron ore be mined so easily, or transported so cheaply. The Steel corporation's own railroad transports the ore to the docks, and 114 especially equipped vessels of the corporation's Great Lakes fleet carry the raw material to receiving railroad terminals at South Chicago, Gary, Cleveland, Fairport and other convenient centers. Fuel for the huge fabricating plants is furnished by the corporation's own coal mines and natural gas fields; and limestone, dolomite and fluorspar properties are owned in nine states, these providing the flux and other materials consumed by the blast furnaces and cement mills.

Bond Elimination Helps Common

During the "flight to equities" movement and the bull market enthusiasm of 1929, the U. S. Steel Corp. took advantage of the excellent opportunity afforded to eliminate its own funded debt, and thereby effect a huge saving for its common stockholders in interest charges and sinking fund payments— the latter alone adding $1.53 per share to the common earnings. Chairman Myron C. Taylor of the finance committee, who is credited with the original plan to retire these bonds, recently announced that $200,000,000 had been appropriated for plant expansion and improvements. Certainly the Steel corporation intends to maintain a firm hold on its leadership in the steel industry—but rather through making additions to plants now operating profitably, than by acquiring at fancy prices the properties of smaller competitors. In due course of time, both the bond retirement and this tremendous plowing back of earnings into properties now owned should most certainly be reflected in increased earnings for the stockholders.

Despite the depression existing in general business and industry during the first quarter of 1930, the Steel corporation operated at a fairly high rate and reported net earnings of $49,615,397 which were some 17% under the results achieved in the exceptionally active first quarter of 1929, but were the highest initial 3 months' earnings recorded since the war boom year of 1918—with the single exception of

1924, when earnings exceeded by less than 1% the 1930 figures. Steel prices were "shaded" early in May and the corporation's plants are currently reported operating at close to 80% of capacity, compared with 78% a few weeks ago. With any further seasonal gains in automobile, agricultural implement, building, railroad or shipbuilding demand during the next few months, or a general improvement in industry and business during the third and fourth quarters—as now anticipated by many observers, the prospect for U. S. Steel common would immediately brighten. But considered as an issue to hold over a period of years, United States Steel common possesses so many elements of basic strength that it may be truly described as a premier investment, representing a "cross section of American industry."

Investment Influences Feature Current Market

(*Continued from page* 91)

important still, is the element of making sound individual selections, for, it seems to this writer, that the time has long since past when one can make money in the stock market without careful study of the relative investment merit among individual issues or capable advice in the selection of meritorious investments.

For both investors and traders, the risks have been considerably reduced by the recent price decline. Consequently, we believe that trading activities can now be resumed with a good deal more confidence. Even the most agile trader, however, must adopt his tactics and more important still, his psychology, to the investment influences that are becoming more prominent in the current stock market. Quite frequently, the trading interest and the investment interest clash when they come together in any particular issue, to the ultimate misfortune of either one faction or the other. Speculators invariably work for higher prices. Investors want lower values at which to buy. When over two hundred individual issues recorded their low for the year in the recent market decline, the list included an impressive number of standard market stocks. It is our belief that the speculators in some of these particular issues were made to feel quite uncomfortable over the same price movement that delighted investment buyers and opened up interested opportunities for profitable commitment.

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	85	4.7
Atchison, Top. & S. Fe......	5 (N)	48.83	40.47	40.21	No	105	4.8
Baltimore & Ohio............	4 (N)	48.41	38.44	49.44	No	82	4.9
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	98	5.1
Southern Railway	5 (N)	39.33	36.17	32.11	100	98	5.1
Colorado & Southern 1st.....	4 (N)	52.56	57.76	49.45	No	76	5.3
N. Y., Chicago & St. Louis..	6 (C)	24.65	20.31	17.68	110	109	5.5
St. Louis Southwestern.......	5 (N)	12.00	9.30	8.84	No	90	5.6
Colorado & Southern 2nd.....	4 (N)	48.50	53.76	45.46	No	69	5.8
N. Y., New Haven & Hart..	7 (C)	....	22.05	34.40	115	119	5.8
Wabash "A"	5 (N)	11.36	6.37	9.24	110	86	5.8
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	67	6.0
**St. Louis, San Francisco....	6 (N)	16.12	15.28	17.44	115	96	6.3
Missouri, Kans. & Tex.......	7 (C)	....	13.06	16.34	110	105	6.7

Public Utilities

Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	144	5.5
Columbia Gas & Electric "A"	6 (C)	27.81	25.42	30.78	110	110	5.5
Philadelphia Co.	3 (C)	24.20	28.06	21.75	No	54	5.6
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	106	5.7
Standard Gas & Electric.....	4 (C)	20.00	16.76	14.07	No	66	6.1
Hudson & Man. R. R. Conv..	5 (N)	40.32	40.70	37.02	No	81	6.2
Federal Light & Traction....	6 (C)	41.52	39.67	49.93	100	96	6.3
Electric Power & Light......	7 (C)	13.83	16.21	17.00	110	110	6.4
Continental Gas & Elec. Prior	7 (C)	16.41	20.46	24.45	110	108	6.8
Postal Tel. & Cable..........	7 (N)	....	....	7.19	110	102	6.9
Amer. & Foreign Pow. 2nd..	7 (C)	8.89	3.58	5.33	105	98	7.1

Industrials

Bethlehem Steel Corp.........	7 (C)	20.84	16.32	19.16	No	130	5.4
Case (J. L.) Thresh. Mach...	7 (C)	29.39	38.43	32.59	No	128	5.4
Mathieson Alkali Works......	7 (C)	67.86	74.06	84.50	No	127	5.5
Deere & Co.	7 (C)	23.22	25.74	29.52	No	125	5 6
Stand. Brands, Inc., Cum. A.	7	....	125.34*	123.40*	120	120	5.8
Brown Shoe	7 (C)	29.69	44.12	85.27	120	118	5.9
Crucible Steel	7 (C)	26.19	22.47	22.54	No	116	6.0
General Cigar	7 (C)	51.26	67.32	62.81	No	115	6.1
Bush Terminal Buildings.....	7 (C)	‡	‡	‡	120	115	6.1
Bucyrus-Erie	7 (C)	....	....	39.34	120	115	6.1
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	112	6.2
Radio Corp. of Amer. "B"...	5 (C)	....	....	5.36*	100	80	6.3
American Sugar	7 (C)	14.08	7.97	14.60	No	109	6.4
Associated Dry Goods 1st....	6 (C)	27.67	24.10	24.55	No	93	6.5
Bush Terminal Debentures...	7 (C)	16.81	18.38	20.55	115	107	6.5
Commerce Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	100	6.5
International Silver	7 (C)	24.39	30.52	27.48	No	106	6.6
General Cable Co.............	7 (C)	27.69	25.72	25.92	110	104	6.7
American Locomotive	7 (C)	20.88	16.60	10.83	No	105	6.7
Goodyear Tire & Rubber.....	7 (C)	11.83	18.80	18.90	110	101	6.9
Tidewater Asso. Oil conv.....	6 (C)	13.35	7.26	19.49	105	87	6.9
Glidden Co. Prior............	7 (C)	23.91	32.69	32.69	105	100	7.0
U. S. Smelting, Ref. Mining.	3.5 (C)	6.25	6.28	8.43	No	49	7.1
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	99	7.1
Goodrich (B. F.) Co..........	7 (C)	13.96	39.19	10.30	125	97	7.2
Spicer Mfg. conv.............	3	58.54	74.42	26.00	57½	41	7.3

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock. * Six months ended June 30, 1929.

Market Indicators

For Profit

General Foods Corporation

The new Birdseye quick freezing process controlled by General Foods Corp. has met with a very gratifying public approval during recent weeks. An experiment of introducing food products frozen by this new method in ten representative grocery stores in Springfield, Mass., resulted in sales increases during the second week as high as 40% over the initial week's total. What is more important, the rate of increase in dollars is exceeding the rate of gain in number of sales. With six weeks' experience and the novelty buying stage past, the gains still continue, with the largest increases in the more expensive meat items. This process is also being extended to include fruits, vegetables, oysters, fish and packaged meats, and bids fair in due time to contribute rather substantially to the earning power of the General Foods Corp.

* * *

Finance Business Continues to Grow

The first quarter report of the Commercial Credit Co. was awaited with considerable interest both from the standpoint of the company's earnings position as well as indicator of installment selling conditions under the current state of business hesitancy. Gross business, both in purchases and earnings, showed a satisfactory rate of growth over the first quarter of 1929. Net losses above reserves, which represents losses through repossessions and non-payment on consumer paper at a rate over the ratio for which the company makes provision, and which is charged against earnings in this instance, amounted to $257,361 against more than 91 million dollars purchases in the first quarter. Although the former item exceeds last year and 1928, it is still an inconsequential amount. Net operating income in the first quarter, after the deduction of this item amounted to $2,831,000 compared with $2,483,000, although per share earnings during the period fell from 80 cents to 50 cents, due to larger dividend requirements on increased capital stock and heavier interest charges, incidental to the new financing placed last year by the company. Another indication of growth in time payment transactions was seen in the statement of Universal Credit Co., which finances sales of Ford Motor Co. Volume of business in April was approximately 30 million dollars compared with 20 million in the previous month. Current rate growth suggests a volume of 300 million for the current year, for a company which started operations in the summer of 1928.

* * *

Steel Prices

Weakness in prices for many kinds of steel products, together with a price cut on steel wire officially announced by a subsidiary of U. S. Steel Corporation, is believed to have held back some buying for Steel common in the past week or so. With the volume of production maintained on a fairly even keel, buying is extremely short range and mill schedules have been frequently interrupted by large users of steel products who suddenly decide to postpone their immediate needs. Independents are shading prices and getting business which otherwise would not come their way for the past several weeks, a situation that frequently precedes an official price cut by the big company. A reduction on further lines would not necessarily be a bearish factor for steel shares, in view of the fact that it has been recognized as a strong possibility for some time and seems to be rather broadly discounted.

* * *

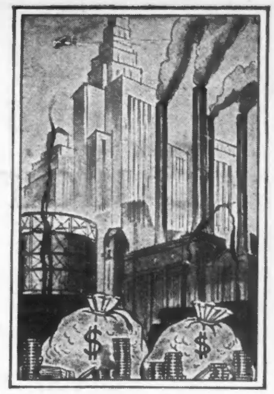
Motor Industry in Slow Speed

Reports from Detroit indicate improvement in the automobile industry, but from a level that is well under the 1929 record. Current estimates disclose a decline of around 30% in automobile production for the first quarter, with the medium and higher priced car manufacturers at the bottom of the ladder and such low price volume producers as Ford and Chevrolet in the relatively best position. Despite the unfavorable sales situation so far recorded, the stocks of cars in the hands of dealers are not excessive, thanks to the far-sighted policies instituted by most automobile managements last Fall. In consequence, just as soon as sales expand, producers will very promptly follow suit with higher output schedules. At the present time there is nothing in the picture to indicate that the delayed seasonal buying will not make itself felt during the next sixty days. A shift from low speed to second appears close at hand.

* * *

RCA Stockholders Approve

With the approval of Radio Corp. of America stockholders to increase the capital to 15 million shares, a final stage in the coordination of the properties and operations of this giant communications, broadcasting and radio set producing concern has been attained. Over 6 1/5 million shares of the newly created shares will be issued to General Electric and Westinghouse Electric, 60% and 40% respectively, for their radio properties and investments. Radio Corporation class B preferred increased from 813,665 shares to 1,500,000 shares will be issued to compensate these electric manufacturing companies for current accounts. For having nurtured this comparatively young and one-time sickly industry through its infancy and carried it through a speculative period of growth to young manhood, General Electric and Westinghouse, now elect to take a stock interest worth some 350 million dollars at current market valuations. In spite of opposition to this financial arrangement which has been heard from Washington for the past few weeks, it is not thought that the



The Stockholder

and Income

Department of Justice would have a strong case to make in an injunction suit, such as discussed recently by Senator Couzens. The two electric companies are not, strictly speaking, competing companies with Radio Corp. at this stage of the industries development. For the shareholders of the big electric manufacturing companies interested in the deal, the prospect of some melon, comparable with General Electric's segregation of utility properties through the medium of Electric Bond & Share, may ultimately be realized.

* * *

Super Power Advances a Step

The offer of the United Corp. to exchange its shares on an equal basis for United Gas Improvement shares, insignificant in itself, is nevertheless another step in the direction of a huge super-power utility system for New York-Pennsylvania-New Jersey. United Corp. and United Gas Improvement, together own over 50% of the outstanding capital of Public Service of New Jersey. The exchange of stock will knit together, a little more concentrated corporate structure for a unified utility system whose assets now run close to a billion and a half dollars. Consolidated Gas as a logical nucleus for an eastern super-power system, Columbia Gas and Electric with its plan to pipe natural gas eastward and Niagara Hudson Power with its potential supply of hydro-electric energy to pump into the system, are mentioned as companies which will be worked closer into the system in the course of time.

* * *

Non-Productive Expenditures on Oil Lands

In connection with the 1929 income statement of Shell Union Oil Corp., J. C. Van Eck, president of the concern, discusses a factor which oil investors might well sit up and take notice of while first quarter reports are being issued. "A great deal of expenditure was incurred which normally would have produced results during the year," said Mr. Van Eck, "but which owing to conservation restrictions was not fully productive. When normal conditions return, these investments will add to earnings." Other oil concerns are having a similar experience. They are spending money to develop new crude supplies but are keeping oil in the ground where it does not show up either in earnings statements or inventories, but is nevertheless an asset. Reduction in Shell Union earnings from $2.04 per share in 1928 to $1.27 in 1929 might be taken with the mental reservation that conservation essentially brings with it "hidden earnings" for oil companies and the tendency is more pronounced at present than it was last year.

* * *

Chain Store Earnings Better

After a month of hesitancy in retail buying which unsettled the chain store stocks a good deal, it now becomes clear that a turn for the better was reached in April. Sales of F. W. Woolworth, the largest chain store system in the country, amounted to $24,368,960 in April, an increase of 10.4% over April, 1929. The Great Atlantic and Pacific Tea Co., leading grocery chain, reported April sales at $86,119,038, an increase of 11.4% over the same month last year. That these record sales were made in the face of lower prices was interestingly shown in a record of the tonnage sales and the increase in physical volume of goods sold by A. & P. over last year. The tonnage increase amounted to 12.6%. Practically all of the chain store systems which have reported so far, show increases in sales over last year, both for the month of April and for the first four months of the year.

Penny Earnings

Reduction in first quarter sales from approximately 100 million dollars last year to 60 millions in the 1930 quarter, brought the per share earnings of the Chrysler Corp. down to 4 cents for the first three months of the current year. Last year a surplus of about 5½ million dollars remained after dividend payments on the common stock, for the first quarter. This year, in the same period, dividend payments ran the company into a deficit of $3,144,000. From Chrysler's improvement in business in April over the March showing, suggests that the second quarter will be somewhat better. April shipments were 37,527 units, an increase of 11% over March. This compares with an increase of only 9% last year. Retail sales of Chrysler vehicles showed an increase of over 30% in April as compared with March.

* * *

April Financing a Record

The total of new corporate offerings of stocks, bonds and notes, both domestic and foreign, in April, amounted to approximately 760 million dollars, which establishes a new monthly record since the stock market break last Fall. Government, state and municipal financing, both domestic and foreign, added another 136 million to the total of April offerings. The grand total of both corporate and government issues is about 180 million over the similar figure for March and falls only a few million under the figure for April, 1929, which was a notably good month for new financing. Investment dealers report a good demand for new issues both from private individuals and institutions which has kept the new financing moving along at a very satisfactory rate. Since the March advance on the stock exchange was halted, investment houses find more interest in new bond offerings from private investors.

EDITORIAL PAGE

Building Your Future Income

An Informative Department On Estate Building

To Borrow Or Not to Borrow

TWO young men, whose alert and well groomed appearance immediately labeled them as up and coming in the business world, were seated together in one of the hundred of commuters' trains speeding to the metropolis. Their discussion centered around the financial difficulties of one of the country's leading industrial enterprises, which were being featured in their morning papers.

"Well, it looks as if the 'old man' has overplayed his hand this time!"

"It certainly does. The company is up to its neck in loans and is badly in need of money. Too much ambition and not enough working capital."

"Which reminds me, Jack, I must run into the bank tomorrow and arrange to extend my note."

"I'm glad I haven't any notes to worry about. I don't owe a penny and have never borrowed from my bank or anyone, in fact."

Jack is proud of his thriftiness and his ability to keep out of debt . . . rightfully so. But are we justified in assuming that his friend has been improvident merely because he has negotiated a loan from his bank? Hardly. Yet, today there are many people who feel that some sort of stigma attaches to a loan and have grave misgivings about borrowing, not realizing that a legitimate loan is a dignified instrument of finance. It has served many times as the initial stepping stone in the creation of a powerful business or a large fortune.

To borrow is to establish credit and credit is the keystone of character whether the borrower be a large corporation or the individual with a charge account at his local department store. If there has been any one single factor responsible for the industrial and national growth of the United States it is credit and the plethora of credit now at the disposal of sound corporations and reliable persons is the silver lining in the present cloud of industrial recession.

Lest the reader assume that this department is advocating unrestrained and purposeless borrowing we hasten to assure him that such is the furthest from our intention. We do feel, however, that the investor and the prospective home owner is not fully availing himself of his opportunities if he neglects to enlist the services of his bank in his behalf. The negotiation of a loan for constructive purposes is a contract mutually beneficial to all parties involved . . . . the surplus funds of the bank are put to work at interest . . . . the borrower hastens the achievement of his objective, builds up his credit standing and derives an inner glow of satisfaction and responsibility. Moreover, regular payments reducing the principal of the loan form a desirable savings habit.

Spending the Interest and Dividends

An Unusual But Practical Plan Which Makes It Possible for the Salaried Man to Bridge the Gap from Active Occupation to Retirement Without Disturbing His Expense Budget

By Arthur W. Dew

According to the standard method for attaining financial independence, one is supposed to save regularly, invest wisely and reinvest the interest and dividends as they are received. Great stress is placed upon the reinvestment. The idea, of course, is to accumulate a sum that in the belief of the individual will permit him to live according to his customary manner upon the income from his capital. Then some fine day he is expected to close his desk for the last time and proceed to live happily ever after—perhaps.

This plan works beautifully on paper but unfortunately it has practical drawbacks which have caused it to fail in many cases to yield the satisfaction and pleasure anticipated. First, few men know to any degree of exactness, the amount per month or year necessary to support them and their families. It is true that the salaried man as well as the one who derives his living from a business or profession, knows exactly or very nearly how much he receives. But in few instances does he have any idea as to how much he spends or, conversely, how much he saves. As a rule he is quite likely to imagine he is saving a great deal more than is actually the case. Everyone knows how easily money in hand slips away and is soon forgotten unless strict account is kept. The result is that the average individual, greatly as he wishes financial independence, is not ordinarily in a position to know when his aim has been accomplished. He may unwittingly work on for years after his financial condition entitles him to play; or he may quit too soon and become a prey to want.

The second weakness of the plan lies in the fact that the individual is supposed to suddenly effect a transition, overnight as it were, from living on his salary or business income, to living upon income from invested capital. But most men, when they have accumulated the necessary sum, are fairly well along in years and their habits of life have become more or less fixed. Their happiness lies largely upon being able to continue those habits undisturbed. But suddenly, instead of paying the rent on the first with a check drawn against salary, it becomes necessary to wait until the bond interest becomes due on the fifteenth; and the grocery man who has for years had his check on the fifteenth now has to cool his heels until dividends are received on the first of the following month. Far from the peace and contentment anticipated, one may find that he is faced with the necessity of a complete rearrangement of investments.

The remedy for this situation, as I see it, is to save regularly, then learn gradually to live on the income from those savings so that a greater percentage of salary may be added to capital. At first such income may be enough only to carry one for a week. Gradually, however, the time may be extended to a month, a quarter, until one realizes that at last he can, if necessary, live through the entire year on the proceeds from his invested capital without touching other income.

Contemplating a Future of Leisure and Comfort

During the years he is learning thus to live, he has acquired invaluable lessons in practical finance which could be obtained in no other way. He has learned to arrange his relative percentages of speculations, spec-vestment, and investments to give the stability of income desired. He has learned to consider the time element in his receipts so that payments do not all fall upon July 1st but are more or less equally distributed throughout the year. In a word, he has had sound training in the fine art of adapting his capital to its intended purpose—to render him truly financially independent.

An additional advantage of my "pet" plan is the incentive to greater saving. For example, a man realizing *(Please turn to page 133)*

"Pyramiding" Savings Funds in a Building and Loan Investment

An Interesting Thrift Plan That Has a Strong Element of Compulsion

By E. G. Hafemeister

ONE of the easiest methods of building a future income for the old age period is to start with a six to ten thousand dollar a year salary. But this amount is far above the average salary, so when this problem is transferred to the average or slightly above the average income, it becomes an entirely different problem.

I had an assured income of $2,500 a year at the time that I finally devised this scheme for a future income. Two hundred dollars a month is not a great deal for a man supporting a wife and two children. Naturally our future is based upon our present mode of living which requires about $150 a month for living expenses.

Investments From Yearly Savings

Year	Shares Taken Out Each Year	Maturity Value	Cost Per Month	Cost Per Year	Total to Be Saved Per Year
1st	5	$ 500	$10	$120	$ 120
2nd	10	1,000	20	240	360
3rd	15	1,500	30	360	720
4th	15	1,500	30	360	1,000*
5th	15	1,500	30	360	1,160*
6th	15	1,500	30	360	1,200*
7th	15	1,500	30	360	1,200*

* It must be noted that the shares purchased three years previous to this year, have only four payments to be made in the fourth year. (Maturity figured at 40 months).

Reinvestment of Maturing Shares

4th	20	$2,000	$40	$480
5th	20	2,000	40	960
6th	20	2,000	40	1,440
7th	20	2,000	40	2,560

Starting the Ball Rolling

First of all my wife and I decided upon insurance sufficiently large to cover the mortgage on our home plus the expenses of sickness or death at the end of our time. Then we purchased a home of suitable size on which our Building and Loan payment was $60 a month. This payment after a period of approximately twelve years will satisfy the mortgage and pay the interest of carrying it. When this mortgage is satisfied, it assures us of a home with only the taxes plus the repairs on the house.

We have in our locality a Building and Loan Association which sells stock at $2 per share per month. These shares mature after a period of 40 months. Although this period of time is not guaranteed in any way, the association has been able to meet the maturity time to this date. Even should this time be extended to 42 or even 44 months, it does not alter this plan, except to make it a trifle harder. It seems that once you start a ball rolling, it gathers momentum and help from all sides. The accompanying table shows how this plan is carried through.

This is the explanation of the plan: The first year, we took out five shares of stock paying $10 a month, or a total of $120 a year for them.

On the second anniversary, we took out 10 additional shares of stock paying $20 a month or a total of $240 a year, plus $120 for the second year's payment of the five shares or a total of $360.

On the third anniversary, we took out 15 additional shares of stock paying $30 a month or a total of $360, plus $240 for the second year's payment of the 10 shares, plus $120 for the third year's payment of the five shares, or a total of $720.

On the fourth anniversary, we took out 15 additional shares of stock paying $30 a month or a total of $360, plus $360 for the second year's payment of the 15 shares, plus $240 for the third year's payment on the 10 shares, plus $40 remaining on the five shares, or a total of a $1,000. Thus, the first phase of our program was completed.

Repetition Essential

The idea is to continue taking out 15 shares every year thereafter. It is essential that this cycle be continued and no lapse of time be allowed.

At the 40-month period or three years and four months from the start of this cycle, five shares will reach maturity, giving us $500. This money is banked in a special savings account and withdrawn in twelve installments of $40 each. The money pays for 20 shares of stock at no additional savings on our part. After the fifth year, the 10 shares taken out in the second year, reach maturity and pay us $1,000. This money is split up in two parcels of $500 each. one parcel paying for a new block of 20 shares, the other parcel paying for the second year's installment on the first

20 shares which we purchased.

The following year, the 15 shares that were purchased in the third year reached maturity, giving us $1,500. This money is again split three ways of $500 each. One-third is used to pay the third year's installment of the first 20 shares purchased. Another third is used to pay for the second year's installment on the second block of 20 shares purchased, and the last $500 is used to buy another block of 20 shares of stock.

The principle on which this savings plan is based is the familiar principle of continuous reinvestment of income. As each series of shares reaches its matured value, the proceeds are devoted to installment payments for additional shares—thus, in a sense, pyramiding the principal amount in the fund. The same general idea can be applied to building and loan shares sold on different terms, although amounts must naturally vary with the longer term plans.

At the maturity of the first block of 20 shares, we will receive $2,000. As shown in the table, the expenses of keeping up and buying a new block of 15 shares each year is $1,200 annually. It is essential that 15 shares of stock are purchased every year for the initial term and 20 shares be purchased for the secondary term.

It is apparent that this small investment is perpetual to the extent of the life of a Building and Loan Association. From the table it is shown that we receive $2,000 every year and have a payment of $1,200 to make in order to keep all shares active. This leaves a gross balance of $800 or approximately $750 net income.

Going through this routine three times gives an income of $2,300 a year and very close to my present salary. It will be seen that this can be reached in 20 years.

In order to make it easier the fourth, fifth and sixth years, we have taken out an additional 10 shares at the time we purchased the first five shares. This will give us a $1,000 which we are holding in trust and will put back in small amounts to make up the difference of what we are able to save and the cost of keeping all the shares active. In these years it will be noticed that it is necessary to save $120 for four months and $90 a month for eight months of the year.

In this plan, the total money put in is only $5,400 for the six-year-and-eight-month period, or a total of $16,200 for the three periods. This nets an income of about $2,300, or approximately 14% on our savings.

Since developing this idea, I have presented it to the Building and Loan officials and they have appointed me sales representative, paying a commission on all shares I sell. This commission helps to pay the high savings we will have to do in the fourth, fifth and sixth years.

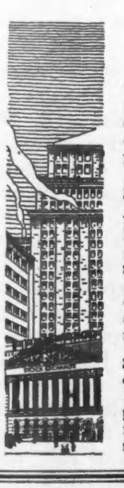
This method of financing does not pay any dividends for the first six years and eight months, but is self supporting after this period. The only work required is to keep this chain of shares unbroken, and the income will be constant.

It is apparent that the second time we go through this plan, it will be much easier as we will have the help of the $750 realized from the first term. The third term will be still easier as we will have the help of $1,500 per annum.

Care must be exercised in choosing the company in which to place these funds, but in our state these associations are controlled by our banking laws and are reasonably safe.

For the average wage earner, we think this is the easiest manner of supplying your wants when your present earning power is curtailed by old age. The hardest part of the whole plan is to make a start. The start made, everything seems to fall in line and in time, it really becomes easier.

BYFI RECOMMENDS—



For Saving

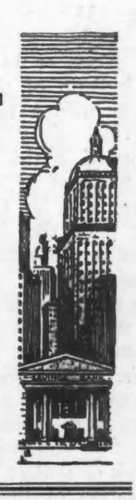
1. SAVINGS BANK. A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available for employment in other mediums.

2. BUILDING & LOAN AND GUARANTEED MORTGAGES are conservative investments secured by real estate mortgage. Building & loan shares, essentially a mortgage investment, are purchasable in monthly installments. Guaranteed mortgages are obtainable in large or small denominations. Both mediums must be selected on their individual merits and the reputation of the association or company.

3. ENDOWMENT INSURANCE is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should occupy a minor role in the accumulating program.

For Investment

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	100	4.7
2. Public Service Elec. & Gas 1st & Ref. 5s, 1965	104	4.8
3. Standard Oil of N. Y. deb. 4½s, 1951	97	4.6
4. Western Pacific 1st 5s, 1946	98	5.1
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	102	4.9
6. New York Steam 1st "A" 6s, 1947	107	5.3
7. Chesapeake Corp. Conv. Coll. 5s, 1947	100	5.0
8. Associated Dry Goods 1st 6% Pfd.	93	6.5
9. Hudson & Manhattan ... Conv. 5% Pfd.	81	6.2
10. Southern Pacific Common $6	119	5.0



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed, are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

A Model Investment Club

The Writer Discusses the Advantages of Applying Investment Trust Principles to the Funds of a Small Group of Individuals and Outlines a Comprehensive and Workable Set of Rules for the Organization of What Is Really an Investment Club

By L. Douglas Meredith

AVAILABLE records reveal the establishment of the first investment trust in Belgium in 1822. Scotland, the recognized home of this type of financial institution, did not possess such an organization until 1860, but from that date the idea grew in number and size of establishments. About sixty of such trusts had been formed in 1890 in Edinburgh and London and by 1927 about 125 of these companies existed, listing "paid-in capital assets of over £150,000,000."

The past decade has witnessed phenomenal development of the application of the investment trust principle in the United States. The International Securities Trust of America, organized in 1921, established the British type of investment trust in this country. The report of ex-Attorney General Ottinger of New York in 1927 disclosed well over 135 investment trusts in this country with a paid-in capital probably in excess of $400,000,000. The March bulletin of the National City Bank contained a table showing that by the close of 1929, 484 trusts had been formed in this country and had capital funds of $5,303,477,000!

Figures such as those given above disclose only the larger trusts and those for which statistical information was ascertainable. In all likelihood, millions of dollars find employment by almost innumerable smaller organizations, utilizing the investment trust principle. These organizations vary in size from several members to many members and possess assets ranging from a few hundred dollars to many thousands of dollars.

Utilization of the investment trust principle affords the following advantages:

1—Reduction of risk by diversification of commitments;

2—Possibility of higher yield on commitments because of more careful supervision;

3—Larger investment profits because of greater skill in selection;

4—Large accumulations of capital permit retention of more skilled managers and enable more extensive and more intensive investigations.

Advantages of the Investment Trust Principle

1—Reduction of risk by diversification of commitments.

2—Possibility of higher yield on commitments because of more careful supervision.

3—Larger investment profits because of greater skill in selection.

4—Large accumulations of capital permit retention of more skilled managers and enable more extensive and more intensive investigations.

Obviously, the larger the organization, the greater the advantages likely to accrue, for a trust with assets of a hundred millions of dollars should be able to obtain greater diversification and retain more skilled managers than a trust with assets of one million.

Purposes of a Small Trust

Application of the trust principle to an organization with several thousand dollars or more affords its members unusual and far-reaching opportunities for saving, profit, investment experience, and pleasure. With these purposes in mind, ten men of limited means in a New England City drafted and are actually using the trust agreement given on the next page.

The voluntary trust agreement appeared as the most desirable form of organization to adopt. The partnership, with unlimited liability of each partner, merits little or no consideration for such a plan; incorporation merits little more unless the size of the organization warrants payment of corporate taxes. Of course, when the latter point has been reached, the corporate form of organization unquestionably excels.

The only prerequisites for membership should be: ardor for careful investment, ability to maintain monthly payments, and congeniality. Limitations on the number of members and size of monthly payments rests with the members. Experience indicates that limitation of membership is most desirable but Article 3, Section A, gives adequate flexibility to any restriction imposed. Article III, Section B, provides an equitable method for the withdrawal of members, the method of appraising the withdrawing member's interest, and the methods by which payment may be given.

Selection of Securities

Article IV, Section B, Clause 1, provides for selection of commitments and herein lies the opportunity to gain investment experience. At each meeting, the president, as directed by the agreement, divides the members into groups or else requests the members to investigate and report individually at the next meeting on a security requested by the president or selected voluntarily. After hearing the reports, the members may make commitments as they see fit. This agreement places no restrictions on the types of securities and the units of each which may be purchased but such restrictions might be readily imposed.

Registration of Holdings

The certificates for shares purchased should be issued in the names of two or three of the members, preferably

the officers, not as trustees but as individuals. This avoids certain legal details encountered when stock certificates are registered in the names of trustees. Upon receipt of a certificate, it should be deposited with a custodian, preferably a bank. The parties whose names appear on the certificate should immediately execute a detached assignment (obtainable at any bank, usually without cost) to be deposited at the bank with the certificate. This procedure enables the organization to sell a security at any time and prevents an occasional obstinate member from causing difficulties.

The Trust Agreement

WHEREAS, WE, the undersigned, on the —— day of ———, 19—, in the city of ———, ————, do hereby voluntarily enter into an organization for the purpose of contributing and investing certain monies for purposes herein described, we hereby jointly and severally agree:

I. Name—That the name of this organization shall be———.

II. Purpose—That the object of this organization shall be to associate ourselves for the purpose of investigating and investing in various enterprises for the mutual advantage of the group.

III. Membership—

Section A—That the membership of said organization shall consist of the undersigned signatories of this agreement, and such additional members as shall meet with the unanimous written approval of the aforesaid members of this organization.

Section B—That immediate withdrawal from this organization shall be granted to any member upon written request to the organization through its secretary. Upon such written request for withdrawal, the procedure shall be as follows:

1—The value of said member's interest in the organization shall be appraised by three members of the organization appointed as follows: one by the withdrawing member, one by the President, and one by the two appraisers so chosen.

2—The three members of the organization acting as appraisers shall base the appraisal on the market values at close of business on the day of the next monthly meeting.

a—Listed securities shall be appraised by an average of the quotations in *(a New York daily)* and *(another daily)* on the day of the following monthly meeting.

b—Over-the-counter securities shall be appraised by an average of the last bid and asked quotations mentioned in the aforesaid papers.

3—Settlement based on the aforementioned appraisal shall be made by one of the following methods:

a—By unanimous vote of the members, the organization may purchase through the treasury by equal assessment of remaining members, the withdrawing member's interest by cash payment within thirty days after the appraisal.

b—Or, provided adequate cash is available in the treasury, the treasurer shall be instructed to return in cash to the withdrawing member his interest within thirty days after the appraisal.

c—Or, by unanimous vote, a prospective member may be given the opportunity of purchasing the withdrawing member's interest at the value of the appraisal.

Section C—That in the event of death of any member, the deceased member's interest shall be disposed of as set forth in Article III, Section B, except that "legal representative" shall be substituted for "withdrawing member" wherever mentioned in Article III, Section B.

Section D—That a certificate of membership bearing signatures of all members shall be issued to each member to signify ownership of an equal interest in the organization.

IV. Officers and Committees—

Section A—That the Trustees of this organization shall consist of the President, Treasurer, and Secretary, who shall be elected by a majority vote of those present at the annual meeting.

1—Duties of the President shall be to call and preside over all meetings and act as ex-officio member of all committees.

2—Duties of the Secretary shall be to record all minutes of meetings; to give notice of meetings to the members of the organization and, in the absence of the President, to call and preside at meetings.

3—Duties of the Treasurer shall be to receive, record and care for all money involved in transactions of the organization. He shall be empowered to sign checks for all duly authorized expenditures, together with the signature of the president. He shall make a report of the Treasury at each meeting.

Section B—That the entire membership shall constitute a committee of the whole.

1—The membership shall be divided into groups as designated by the President at each monthly meeting. Each group shall, at the next meeting, report upon a prospective investment chosen by the President or voluntarily.

2—The Auditing Committee shall consist of two members of the organization, appointed by the President. Its duties shall be to inspect and audit the books as designated by the President at least a twice each year and upon the written request of a member.

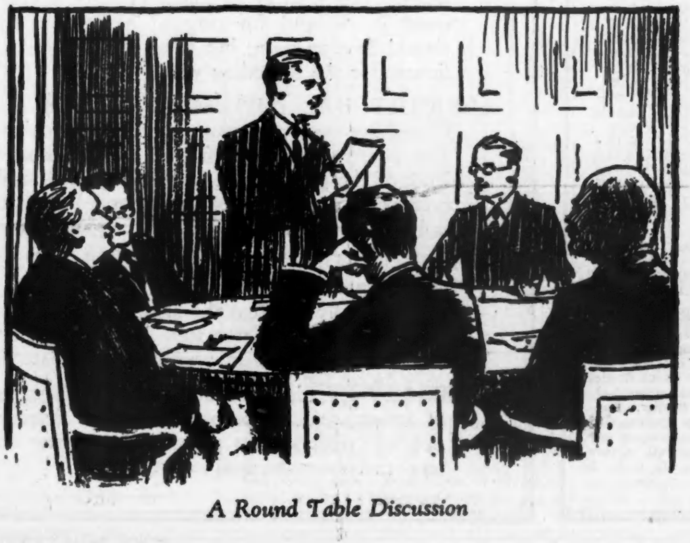
V. Meetings—

Section A—That the annual meeting shall be held the —— day of ——.

Section B—That regular meetings shall be held on the —— day of each month.

Section C—That special meetings shall be called by the President at the request of any three members.

(Please turn to page 146)



A Round Table Discussion

Business Makes Small Headway

Industry Enters Level Phase as Trade Becomes Quieter—Prices Trend Lower

STEEL

Industry Enters Level Phase

WITH the turn into May accompanied by a slight decline in the rate of steel ingot production, it is becoming evident that the Spring peak in the steel industry, as far as output is concerned, was reached in April and that the immediate future holds a slightly declining or, at best, level phase. If output is going to follow the precedent of previous years—always excepting the phenomenal conduct of 1929—a steady decrease through July is in prospect followed by the so-called normal Fall bulge in August and September. Judging from the comparative steadiness that has ruled production rates since late February, however, one would come to the conclusion that the

(*Please turn to page 156*)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1930 High	1930 Low	1930 Last
Steel (1)	$34.00	$33.00	$33.00
Pig Iron (2)	18.50	18.50	18.50
Copper (3)	0.17¾	0.14	0.14
Petroleum (4)	1.45	1.30	1.29
Coal (5)	1.65	1.40	1.40
Cotton (6)	0.17½	0.14	0.16½
Wheat (7)	1.46½	1.20⅝	1.20⅝
Corn (8)	1.08⅝	0.97	0.97
Hogs (9)	0.10½	0.09¼	0.10
Steers (10)	16.50	14.00	14.00
Coffee (11)	0.10¼	0.09¼	0.9½
Rubber (12)	0.16⅝	0.14¼	0.14¼
Wool (13)	0.34	0.29	0.29
Tobacco (14)	0.14	0.14	0.14
Sugar (15)	0.03⅝	0.03⅝	0.03⅝
Sugar (16)	0.05¼	0.04⅞	0.04⅞
Paper (17)	0.03½	0.03½	0.03½
Lumber (18)	20.33	19.11	19.32

* May 3, 1930.

(1) Bessemer billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per lb.; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, 100 lbs.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex Crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—With diminishing releases of railroad steel only partially offset by expanding requirements from automotive and structural fields, the rate of ingot production is evincing a slight decline. Prospective demand, however, seems to indicate comparatively stable demand through the quarter. Quoted prices have been cut into line with previous concessions and some decline in earnings for the current quarter is probable.

METALS—Further reductions in the price of electrolytic copper to 12.50 cents has uncovered somewhat brisker demand but shading of this low level is rumored in several cases. Consumers are said to be waiting for 12-cent copper; but it is doubtful if actual requirements are heavy enough to compel sustained heavy buying at this time.

PETROLEUM—The oil industry is rapidly moving into a profitable position with consumption of gasoline showing seasonal improvement, gasoline stocks decreasing and gasoline prices noticeably stronger. Crude production, while somewhat heavier, is thought to be in proportion to demand. This improved status should be reflected in earnings for the quarter.

TOBACCO—Confirming the depression proof character of cigarette demand, production of cigarettes in March showed a 5.47% increase over the corresponding month last year, making the twenty-third consecutive monthly increase. For the quarter, output gained 3.25% over a year ago. Since profit margins have remained unchanged, earnings for principal manufacturers should register comparable gains.

MOTOR EQUIPMENT—In line with materially reduced requirements of the automobile industry, net profits for leading motor equipment companies are said to have declined some 42% on the average during the first quarter as compared with a year ago. Some improvement in demand for original equipment and replacement parts should develop soon; but total returns are likely to be well below figures for the preceding year.

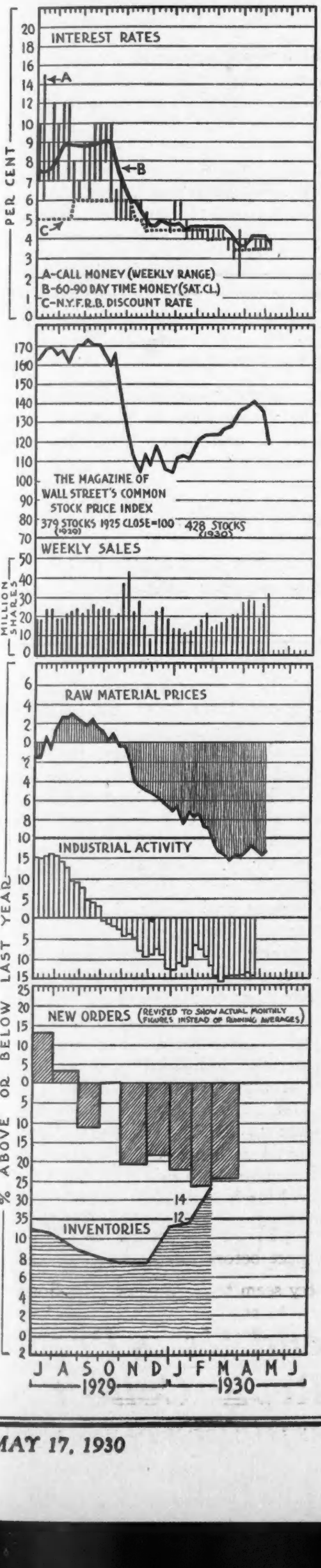
AGRICULTURAL IMPLEMENTS—Report of the Department of Commerce states that our exports of agricultural implements in the first quarter gained 37% over the corresponding period in 1929. Bulk of the gain was in tractor shipments and Russia continues to hold position of principal importer. Recent drop in tractor prices will, however, cut into prospective gains in net profits.

RETAIL TRADE—While reports of sales of chain systems and mail order houses for April are showing gains over the preceding month, it is generally felt that the brisk trade preceding Easter was largely responsible. A quieter tone has been reported recently and no extensive pick-up is in prospect before late Summer or early Fall.

SUMMARY—Trade and industry seem to have passed the Spring level of activity and are preparing to enter Summer with as little recession as circumstances permit. Improving status of building will tend to bolster the business structure.

THE MAGAZINE OF WALL STREET'S INDICATORS

Business Indexes

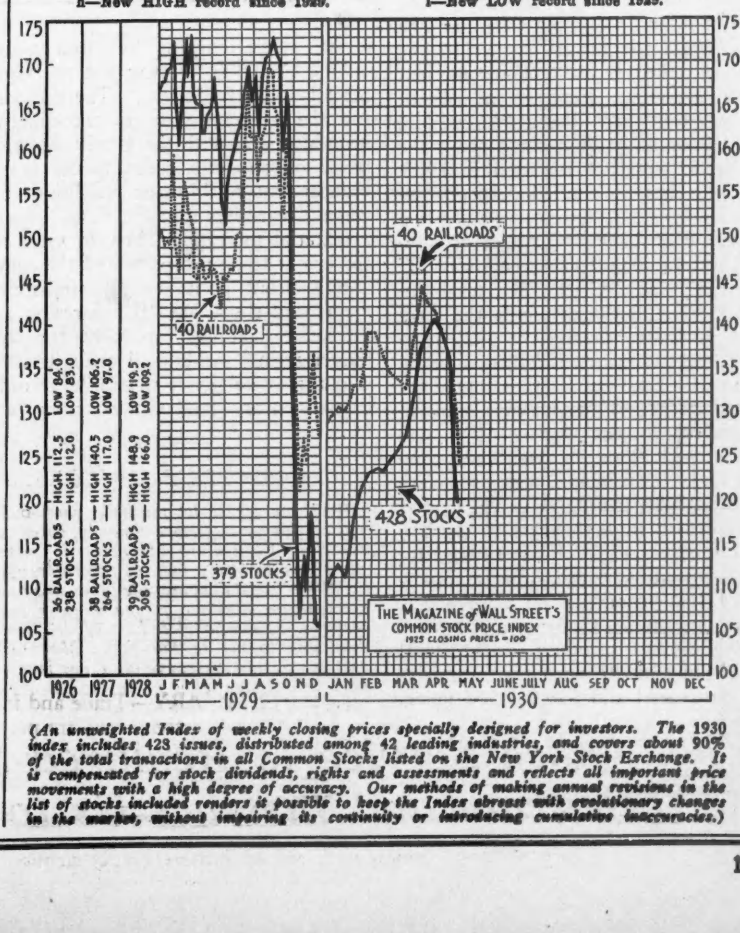


Common Stock Price Index

(1925 Closing Prices—100)

Number of Issues in Group	Group	1930 Indexes (428 Issues) High	1930 Indexes (428 Issues) Low	Recent Indexes Apr. 26	Recent Indexes May 3	1929 Indexes (379 Issues) Close	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low
428	COMBINED AVERAGE	140.7	109.0	135.5	119.5	109.0	173.1	105.6
40	Railroads	144.5	124.1	135.5	124.1-l	129.0	169.5	120.8
3	Agricultural Implements	405.5	258.0	399.0	368.8	258.0	655.5	237.1
3	Aircraft (1927 Cl.—100)	153.1	82.2	147.4	104.5	86.0	307.1	78.0
3	Amusement	272.0	123.4	272.0-H	211.8	129.6	268.0	121.5
22	Automobile Accessories	118.1	84.2	106.2	94.5	84.2	212.6	82.9
18	Automobiles	78.4	53.0	68.7	61.9	54.2	134.9	52.1
3	Baking (1926 Cl.—100)	74.2	42.7	63.2	61.8	43.4	96.3	39.8
2	Biscuit	245.9	189.9	232.9	217.7	189.9	267.6	177.0
5	Business Machines	262.7	217.2	241.6	217.2-l	219.4	335.8	205.0
2	Cans	226.0	169.8	214.2	199.6	171.9	273.5	157.1
9	Chemicals & Dyes	248.5	209.1	231.8	209.1-l	220.4	363.9	204.5
4	Coal	107.9	88.8	105.9	93.6	83.8	124.0	77.0
16	Construction & Bldg. Material	121.8	80.9	112.7	98.2	82.4	145.4	76.6
13	Copper	211.7	180.6	163.5	144.2-L	194.5	391.5	189.6
4	Dairy Products	122.3	81.4	116.5	87.1	86.5	146.0	73.3
10	Department Stores	51.6	37.3	50.5	44.0	38.0	86.5	37.5
9	Drugs & Toilet Articles.......	142.0	123.2	137.4	130.4	128.6	199.2	119.2
8	Electric Apparatus	239.1	172.9	234.4	197.6	172.9	298.5	151.3
3	Fertilizers	54.4	40.1	47.8	41.6	40.8	121.4	36.5
2	Finance Companies	148.4	101.4	136.5	118.9	101.4	213.9	95.3
4	Furniture & Floor Covering..	119.2	85.8	96.6	85.8-L	109.2	209.8	102.3
6	Household Appliances	92.5	57.3	91.6	72.9	57.3	110.8	56.6
4	Investment Trusts	184.9	125.7	176.9	151.3	125.7	406.9	113.3
3	Mail Order	170.0	125.1	166.7	146.8	132.6	418.6	127.5
4	Marine	88.8	61.7	79.0	70.8	62.2	93.7	60.1
3	Meat Packing	58.4	49.7	57.6	49.7-L	54.2	104.4	51.2
45	Petroleum & Natural Gas.....	142.5	102.1	142.5-h	123.7	106.7	171.7	104.5
6	Phon'phs & Radio (1927—100)	175.2	94.0	175.2-h	107.4	129.6	321.1	116.3
23	Public Utilities	305.0	224.5	303.0	262.3	224.9	338.4	194.2
11	Railroad Equipment	115.4	92.5	99.2	92.5-L	99.2	136.1	95.0
3	Restaurants	153.1	127.2	151.1	137.2	127.2	180.5	117.9
2	Shoe & Leather	116.5	79.4	108.3	97.2	79.4	178.3	76.3
2	Soft Drinks (1926 Cl.—100)...	246.5	195.5	226.7	225.1	198.4	244.0	183.5
15	Steel & Iron	146.5	117.3	137.5	122.5	117.3	173.4	112.8
6	Sugar	45.1	29.1	37.5	29.1-L	39.7	81.6	39.2
2	Sulphur	268.7	214.0	258.1	225.0	214.0	295.2	191.4
3	Telephone & Telegraph	177.2	155.6	169.2	155.6-l	167.8	252.3	150.1
6	Textiles	70.5	49.9	62.0	55.7	49.9	128.5	48.1
8	Tire & Rubber...............	39.0	25.6	34.3	30.4	25.6	111.4	25.6
13	Tobacco	107.3	83.4	100.3	91.8	83.4	184.6	79.6
5	Traction	103.5	65.2	94.3	88.8	65.2	140.4	58.9
2	Variety Stores	88.7	77.8	82.3	77.8-L	83.7	138.8	83.9

H—New HIGH record since 1928. L—New LOW record since 1928.
h—New HIGH record since 1929. l—New LOW record since 1929.



(An unweighted Index of weekly closing prices specially designed for investors. The 1930 index includes 428 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our methods of making annual revisions in the list of stocks included renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Personal Service Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. If you are a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands currently received and replied to. The use of this personal inquiry service in conjunction with your subscription to the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

Inquiries cannot be received or answered by telephone nor can personal interviews be granted. Inquiries from non-subscribers of course will not be answered.

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

Subscribers wishing to avail themselves of the privileges of the Personal Service Department should be guided by the following:

1. ***Be Brief.***
2. ***Confine requests for an opinion to THREE SECURITIES ONLY.***
3. ***Special rates upon request to those requiring additional service.***
4. ***Write name and address plainly.***

R. J. REYNOLDS TOBACCO CO.

What do you think of Reynolds Tobacco B? I have 40 shares bought in March at 56. Now the stock has dropped below 50 in spite of the satisfactory yield and the fact that the leading tobacco companies are generally regarded as facing a favorable outlook. Is there anything fundamentally wrong with Reynolds? Would you advise averaging around 50?—L. T. N., Trenton, N. J.

One of the leading manufacturers of cigarettes and of plug, twist and smoking tobacco, the R. J. Reynolds Tobacco Co. is known primarily as the manufacturer of "Camel" cigarettes and "Prince Albert" smoking tobacco. The company is the largest earner in the tobacco industry and net income has shown successive increases in each of the last ten years, being $32,211,521 in 1929 or more than three times the net of $10,691,294 reported in 1920. Reynolds has no funded debt or preferred stock, outstanding capitalization consisting of 1,000,000 shares of common and 9,000,000 shares of Class "B" common. The Class "B" total includes 400,000 shares which the company purchased during the 1929 market panic and which it holds as an investment. Both issues are identical except that the "B" common is non-voting. Net income during 1929 was equal to $3.22 on the combined common and "B" common, compared with $3.02 in 1928 and $2.91 in 1927, after giving effect in both years to the 2½ for one stock split. Always noted for its financial strength, the company closed last year with an impressively strong position. Current assets were $120,532,496 including $18,139,801 cash, $11,426,731 accounts receivable for goods sold and $90,965,964 inventories, while current liabilities were only $9,770,000, leaving net working capital at $110,756,000. The outlook for the current year is exceedingly promising and with the steady upward trend of cigarette consumption quite independent of business conditions in general, earnings in 1930 should show a material increase. Thus, in view of the bright trade prospects and the company's strong position in the industry, we regard the Class "B" shares as an attractive holding, especially for the longer term. Additional commitments might also be given favorable consideration on any moderate reaction.

COOPER-BESSEMER CORP.

Will you please let me have your analysis of Cooper-Bessemer common, listed on the New York Curb Market? I understand this company faces a favorable outlook but would appreciate the unbiased opinion you offer me as one of your subscribers. Your advice has proved very profitable to me in the past. My stock cost me 53 last year. Shall I continue to hold or sell now while I can get out about even?—M. T. W., Butler, Pa.

The Cooper-Bessemer Corp. in its present form is of comparatively recent formation having been incorporated in 1929, although the two companies, the C. & G. Cooper Co. and the Bessemer Gas Engine Co., making up the present corporation, have been operating since 1833 and 1899, respectively. Operations consist of the manufacture of two and four cycle gas engines and direct driven compressor units. The engines are used by the leading oil companies and the compressors furnish power requirements for the transmission of natural gas through high pressure pipe lines. Diesel oil engines are also produced for marine, industrial and utility uses. Earnings for the year ended December 31st, 1929, of $1,023,498 were equivalent to $3.52 a common share, compared with net of $913,401 or $3.06 a common share in 1928. Earnings prior to March 31st, 1929, are of predecessor companies. Consolidated balance sheet as of the year end date, showed current assets of $6,447,499, including cash of

(Please turn to page 138)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

Your good deed for today

the ***Pause*** *that refreshes*

Don't be always taking your affairs too seriously. It will only end by proving you know less and less of more and more.

The neatest trick you can pull is to slip into the nearest soda fountain or refreshment stand—around the corner from anywhere—and invite your soul to the pause that refreshes. There and then, seen through a rose-colored glass of delicious, ice-cold Coca-Cola, all things fall into true perspective and you become a man amongst men once more.

THE BEST SERVED DRINK IN THE WORLD

A pure drink of natural flavors served ice-cold in its own glass and in its own bottle: The crystal-thin Coca-Cola glass that represents the best in soda fountain service. The distinctive Coca-Cola bottle you can always identify; it is sterilized, filled and sealed air-tight without the touch of human hands, insuring purity and wholesomeness.

The Coca-Cola Company, Atlanta, Ga.

LISTEN IN

Grantland Rice — Famous Sports Champions — Coca-Cola Orchestra — Every Wednesday 10:30 to 11 p. m. Eastern Daylight Saving Time — Coast to Coast N B C Network.

9 MILLION A DAY — IT HAD TO BE GOOD TO GET WHERE IT IS

Is This the Time for Rail Investing?

(Continued from page 105)

would still be a surplus of 5% over the present 10% dividend.

It is equally true that the railroads generally will not report nearly as good earnings as for last year, unless the figures for the second half should be truly remarkable. This should not disturb investors in railroad stocks, except possibly as to a few issues on which the dividend rate has been made too high, and where the companies have not the big reserves that may be found in the treasuries of the Atchison, Southern Pacific, New York Central and Pennsylvania, for instance.

If, in those cases present dividend rates were to be reduced 1 to 2%, the return would not be small.

The foregoing are the chief reasons why railroad stocks have been dull and declined materially in the first four months of this year.

What is far more important for investors in those securities is to give attention to developments that may result in a substantial recovery, beginning in the comparatively near future.

There is improvement already in the Washington situation. An amendment has been made to the Couzens resolution that originally provided for taking away from the Commission all power to approve railroad consolidation plans until the status of railroad holding companies could be established, and probably legislation enacted giving the Commission the same authority over them as it now has over the railroads. This amendment provides that authority be withheld from the Commission to approve consolidation plans until March 4th, 1931.

At this writing there have been no particularly definite developments with regard to the investigations of railroad holding companies that have been conducted by the Commission and a Congressional Committee. There may be a break in that situation in the near future. If there is, and it is favorable to the railroads, and action by Congress on the Couzens resolution should go over until the next session, and with better railroad earnings, it would be natural to expect a rather substantial recovery in railroad shares.

Whether it comes or not, investors in those securities should not forget that the financial position of the railroads of the United States and the physical condition of their properties are better than ever before. All of the railroads closed the year 1929 with substantial additions to their corporate surplus and most of them with more cash on hand than probably ever before. Unusually large amounts were expended for additions and betterments.

More than this, the large systems, and to a reasonable extent, the smaller roads, have put into use scientific apparatus and methods of operation that have greatly reduced the cost of operation. If the business of the country and railroad traffic should expand with even surprising rapidity during this month and next and return to a large scale for the second half of the year, the railroads would be able to handle a materially larger volume without a proportionate increase in their operating expenses. There is always a lag between increasing business and increasing expense which provides an attractive differential favorable to security prices.

Moreover, the recent reactions that occurred gradually during the first four months and particularly during the last week of April, established quite a different level of prices, at which many issues appeared genuinely attractive, both on the investment yield and the outlook for a reasonably large price appreciation within a comparatively short time.

We are in a more favorable period for investing in rail shares than is, as yet, commonly realized.

Spending the Interest and Dividends

(*Continued from page* 123)

that an additional $500 will, with present capital, earn enough to support him for a month, will strive to accumulate the necessary $500 as quickly as possible. His purpose will automatically act as a check upon needless expenditures.

This, then, is the procedure by which I am attempting to reach the goal. I know my approximate expenditures for January. My entire savings with the exception of life insurance, are then directed into securities paying dividends or interest during this month With the thousands of sound investments available, I find that I can select nearly any time of payment without sacrificing any of the other features such as salability, safety, or diversification. As soon as I have saved enough to permit me to live comfortably during January (and I actually live on the income from capital. No "pilfering" of salary is permitted), I proceed to tackle February, then March, and so on. Just now I am working on April. Who knows but that with the help of THE MAGAZINE OF WALL STREET I may reach December eventually. At any rate the plan makes an interesting game still more attractive and when the time comes to close the office for the last time I'll hardly notice the change because I'll already be living on the proceeds from my capital.

Electric Power & Light Corp.

(*Continued from page* 109)

At the current dividend rate of $1 per annum, the return obtainable on Electric Power & Light common stock is small, but it is entirely likely that the basis of payment may be changed to one of partly cash and partly stock, thereby increasing the return available to stockholders. Also it is possible that cash dividend may be increased, as the earnings warrant this. The entry of the company into the natural gas business on a large scale has unquestionably increased the speculative element in relation to a commitment in the common stock, but at the same time the potentialities for large increases in per share earnings give the stock attractive possibilities for appreciation over a reasonable period. In making a commitment at the recent price of about 90; this should be kept in mind.

New York Stock Exchange

RAILS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 5/7/30	Div'd $ Per Share
A								
Atchison	204	182¾	298⅝	195⅛	246½	216	229	10
Do Pfd.	106½	102½	104⅞	99	106½	102⅝	105⅜	5
Atlantic Coast Line	191½	157⅛	209½	161	175½	161½	165	10
B								
Baltimore & Ohio	125⅝	103⅜	145⅛	105	122⅜	110⅛	117⅛	7
Do Pfd.	85	77	81	75	83	78⅛	81¼	4
Brooklyn-Manhattan Transit	77⅜	53⅜	81⅞	40	78⅜	63	68⅝	4
Do Pfd.	95⅝	82	92⅝	76½	93½	84⅞	91½	6
C								
Canadian Pacific	253	195½	265⅞	185	226⅝	187⅝	201	10
Chesapeake & Ohio	218¾	175½	279¾	160	241¾	201½	208	10
C. M. & St. Paul & Pacific	40½	22¼	44⅞	16	26⅝	18	19⅝	..
Do Pfd.	59⅝	37	68⅝	28½	46¼	31⅜	33⅝	..
Chicago & Northwestern	94¼	78	108½	75	89⅞	79½	81	5
Chicago, Rock Is. & Pacific	139⅝	106	143½	101	125⅛	109	114¼	7
Do 7% Pfd.	111½	105	109	100	104½	100¼	103	6
D								
Delaware & Hudson	226	163¼	226	141½	181	161½	174	9
Delaware, Lack. & Western	150	125¼	169⅜	120⅛	158	121	127	7
E								
Erie R. R.	72½	48⅜	93½	41½	63⅜	43½	47	..
Do 1st Pfd.	63⅝	50	66¼	55½	67⅝	61	†61	4
Do 2nd Pfd.	62	49¼	63⅞	52	62½	57½	†57	4
G								
Great Northern Pfd.	114⅜	93½	128¼	85¼	102	87	89½	5
H								
Hudson & Manhattan	73½	50½	58⅜	34½	53⅜	46⅝	43⅝	3½
I								
Illinois Central	148¾	131⅝	153½	116	136⅜	127¼	129	7
Interborough Rapid Transit	62	29	58⅜	15	39½	20⅜	32¼	..
K								
Kansas City Southern	95	43	108⅞	60	85⅝	71½	†73	5
Do Pfd.	77	66½	70½	63	70	67½	68	4
L								
Lehigh Valley	116	84½	102¼	65	84⅞	70¼	74	4½
Louisville & Nashville	159½	139⅝	154¾	110	138½	128	136½	7
M								
Mo., Kansas & Texas	58	30½	65¾	27½	66⅝	46⅞	54	..
Do Pfd.	109	101½	107½	93⅞	108⅜	103	105	7
Missouri Pacific	76¼	41⅞	101⅜	46	98½	70	79½	..
Do Pfd.	126⅞	105	149	105	145½	125	128	5
N								
New York Central	196½	156	256½	160	192⅜	107	174½	8
N. Y., Chic. & St. Louis	146	121¼	192⅜	110	144	112½	116	6
N. Y., N. H. & Hartford	82¾	54⅜	132½	80⅞	128½	107½	114	6
N. Y., Ontario & Western	39	24	33	8	17¼	10⅝	12¾	..
Norfolk & Western	196½	175	290	191	265	220	232	10
Northern Pacific	118	92⅝	118⅞	75½	97	78	81⅜	5
P								
Pennsylvania	76⅝	61⅝	110	72¼	86⅝	72½	78¼	4
Pittsburgh & W. Va.	163	121¼	148¾	90	121⅜	98⅝	99⅜	6
R								
Reading	119⅝	94¼	147¾	101½	141½	110⅛	114	4
Do 1st Pfd.	46	41½	50	41½	50½	44½	50	2
Do 2nd Pfd.	59⅞	44	60⅜	43⅝	57	47¾	49⅞	2
S								
St. Louis-San Fran.	122	109	133⅜	101	118⅞	107⅝	113⅜	8
St. Louis-Southwestern	124½	67½	115¾	50	70	58	62½	..
Seaboard Air Lines	30½	11⅝	21¾	9½	12⅛	8⅞	9½	..
Do Pfd.	38	17	41⅜	16¼	28	21	22	..
Southern Pacific	131¼	117⅝	157½	105	127	116	122½	6
Southern Railway	165	139½	162½	109	136⅜	101⅛	113	8
Do Pfd.	102¼	96⅝	100	98	101	97½	†96	5
T								
Texas & Pacific	194⅝	99½	181	115	145	117	129	5
U								
Union Pacific	224⅞	186½	297⅝	200	242⅜	215	226	10
Do Pfd.	87¼	82½	85½	80	86½	82¼	84⅜	4
W								
Wabash	96¼	51	81⅜	40	67⅝	47	49½	..
Do Pfd. A	102	88½	104⅞	82	89¼	83	†85	5
Western Maryland	54¾	31⅜	54	10	36	21¼	27⅜	..
Do 2nd Pfd.	54⅞	33½	53½	14⅝	36	23½	27⅝	..
Western Pacific	38½	28¼	41⅞	15	30½	20¼	22	..
Do Pfd.	62½	52½	67⅜	37½	53½	40½	†44½	..

INDUSTRIALS AND MISCELLANEOUS

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 5/7/30	Div'd $ Per Share
A								
Adams Express	425	195	34	20	37⅝	23⅛	29⅝	1.60
Air Reduction, Inc.	99⅝	59	223⅜	77	150⅜	118	139	3
Allegheny Corp.	..	..	56½	17	35¼	23	25¾	..
Allied Chemical & Dye	252¾	146	354¾	197	343	255¾	317	6
Allis Chalmers Mfg.	200	115¼	75½	35½	68	49¾	62	3
Amer. Agricultural Chem. Pfd.	79⅞	55⅝	73¾	18	39	26	29⅞	..
Amer. Bank Note	159	74¾	157	65	97⅝	77	85¼	3
Amer. Brake Shoe & Fdy.	49½	39⅞	62	40½	54⅝	46¼	47	2.40
American Can	177½	70½	184½	86	156½	117¼	137⅝	4
Amer. Car & Fdy.	111½	88¼	106½	75	85½	52¼	53	6
Amer. & Foreign Power	85	22⅝	199½	50	101¾	65	77¼	..
American Ice	46⅝	28	54	29	41⅞	35½	36¼	4
Amer. International Corp.	150	71	96¾	29½	55⅝	35⅝	43½	2
Amer. Mchy. & Fdry.	180	129½	279¾	142	284¾	210	262	7
Amer. Metal Co., Ltd.	63¾	39	81¾	31½	51½	39½	40	3
Amer. Power & Lt.	95	62¼	175¾	64¼	119⅝	77	100¼	1
Amer. Radiator & S. S.	191½	130½	55⅝	28	39¾	30½	33	1½
Amer. Rolling Mill	..	..	144⅝	60	100⅞	70½	75¼	2
Amer. Smelting & Refining	293	169	130¼	62	79½	65¼	66⅝	4
Amer. Steel Foundries	70⅝	50½	79⅝	35⅝	52¼	40⅝	44¼	3
American Stores	..	..	514	120	55½	46¼	48	3

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—(*Continued*)

	1928		1929		1930		Last Sale 5/7/30	Div'd $ Per Share
	High	Low	High	Low	High	Low		
A								
Amer. Sugar Refining	93½	55	94⅜	56	69⅞	60	61	5
Amer. Tel. & Tel.	211	172	310½	193¼	274¼	216	248¼	9
Amer. Tobacco Com.	184⅝	152	232½	160	259½	197	259½	8
Amer. Type Founders	142¼	109⅞	181	115	141⅜	125	132	8
Amer. Water Works & Elec.	76½	52	199	50	124⅞	88½	107½	1
American Woolen	32⅜	14	27⅞	5⅝	20¼	7½	13	..
Anaconda Copper Mining	120¼	54	140	67¼	81½	52½	52⅜	7
Armour of Ill. Cl. A	28½	11¼	18⅝	5⅛	8⅛	5¼	5⅜	..
Arnold-Constable Corp.	51⅜	35¼	40⅞	6¼	13⅜	6⅜	9	..
Assoc. Dry Goods	75½	40¼	70⅜	25	50½	28	43	2½
Atlantic, Gulf & W. I. S.S. Line	59⅞	37⅛	86⅞	32⅛	80⅜	60⅞	*61½	1
Atlantic Refining	66½	50	77⅝	30	51⅜	36¼	41⅞	2
Auburn Auto	..	..	85	40	263¾	175½	196	4
B								
Baldwin Loco. Works	285	235	66⅝	15	38	24⅝	27⅞	1⅝
Barnsdall Corp. Cl. A	53	20	49⅛	20	34	20⅛	26⅞	2
Beech Nut Packing	101¼	70⅝	101	45	70⅛	58⅛	58⅛	3
Bendix Aviation	..	..	104⅝	25	57⅜	32⅞	40⅛	2
Best & Co.	102	53¾	60⅞	25	56¼	31⅛	49⅞	2
Bethlehem Steel Corp.	86⅜	51⅞	140¾	78¼	110¼	91⅝	95¼	6
Bohn Aluminum	..	..	136¾	37	69	47⅞	51⅞	3
Borden Company	167	152	100½	53	84⅜	60⅛	81	3
Borg-Warner	..	..	86⅞	26	50½	32⅞	38½	4
Briggs Mfg.	63⅝	21⅛	63⅛	8⅛	22⅞	13½	20	..
Bucyrus-Erie Co.	48¾	24½	43¾	14	31⅞	22⅛	†25½	1
Burroughs Adding Mach.	249	139	96⅞	29	51⅞	37	40	1
Byers & Co. (A. M.)	206¾	90⅛	192⅞	50	121⅜	70	87¾	..
C								
California Packing	82⅝	63⅛	84⅞	63½	77½	65⅝	67½	4
Calumet & Arizona Mining	133	89	130¾	73⅛	89⅞	60¼	61	6
Calumet & Hecla	47⅜	20⅛	61⅞	25	33⅜	16⅛	17	4½
Canada Dry Ginger Ale	86½	54⅞	98¾	45	75⅜	60⅞	60⅞	5
Case, J. I.	515	247	467	130	362¾	192½	328¾	6
Caterpillar Tractor	..	..	61	50¼	79⅜	54	74⅜	3½
Cerro de Pasco Copper	119	58½	120	52¼	65⅜	52⅛	52¾	6
Chesapeake Corp.	81⅞	62⅜	92	42½	82½	63½	69	3
Childs Co.	64	37	75⅞	44¼	67½	53	60⅞	2.40
Chrysler Corp.	140½	54¾	135	26	43	30½	32⅜	3
Coca-Cola Co.	180½	127	154½	101	187⅞	133¼	176	6
Colorado Fuel & Iron	84½	52½	78½	27¾	77	36½	59¼	2
Columbian Carbon	134¾	79	344	105	199	128½	147½	6
Colum. Gas & Elec.	140⅞	89½	140	52	87	69	76	2
Commercial Solvent	250¼	137⅞	63	20⅝	38	25¼	31⅞	1
Commonwealth Southern	..	..	24⅜	10	20¼	12⅜	17¼	.60
Congoleum-Nairn, Inc.	31½	22	35¾	11	19⅜	13⅛	14⅜	..
Consolidated Gas of N. Y.	170¼	74	183¼	80⅛	136⅞	96⅝	125⅜	4
Continental Baking Cl. A	53½	26½	90	25¼	52½	27½	29¼	..
Continental Can, Inc.	128⅞	53	98	40½	71⅝	50½	64	2½
Continental Motors	20½	10	28⅝	6⅛	8¼	4⅜	5½	..
Continental Oil	..	..	47⅛	42	30½	19½	26¼	..
Corn Products Refining	94	64⅜	126⅝	70	111⅜	87½	101½	3¾
Crucible Steel of Amer.	93	69¼	121⅜	71	93⅝	78	79⅝	5
Curtiss Wright, Common	..	..	30⅛	6⅜	14⅞	6½	11½	..
Curtiss Wright, A	..	..	37⅞	13¼	19⅜	13⅜	15⅜	..
D								
Davison Chemical	68¾	34⅜	69⅛	21¼	43⅝	28⅝	31⅜	..
Drug, Inc.	120⅛	80	126⅛	69	87⅜	77	80¾	4
Du Pont de Nemours	503	310	231	80	145¼	112⅛	127⅝	4.70
E								
Eastman Kodak Co.	194¼	163	264¾	150	255¼	175⅜	241	8
Eaton Axle & Spring	68⅛	26	76⅜	18	37¼	24⅛	28	3
Electric Auto Lite	136½	60	174	50	114⅞	81	90	6
Elec. Power & Light	49⅜	28¾	86⅝	29¼	103½	49¼	82¾	1
Elec. Storage Battery	91⅛	69	104½	55	79¼	68⅝	71½	5
Endicott-Johnson Corp.	85	74¾	83⅜	49¼	59⅜	51	51	5
F								
Federal Light & Traction	71	42	109	60½	90¼	59⅝	†71	1½
Fox Film Cl. A	119⅝	72	105⅝	19⅛	57⅜	16⅛	52¼	4
Freeport Texas Co.	109¼	43	54⅞	23¾	55½	38⅛	46	5
G								
General Amer. Tank Car	101	60⅞	123½	75	111⅞	99⅜	105¾	4
General Asphalt	94⅞	68	94¾	42¼	71⅛	49⅛	55⅞	4
General Electric	221½	124	403	168⅛	95⅜	60⅛	80⅝	1.60
General Foods	..	..	81⅜	35	61¼	46⅛	58	3
General Motors Corp.	224¾	130	91⅜	33½	54¼	37⅛	46¼	3.30
General Railway Signal	123⅝	84¼	126½	70	106⅞	85⅛	89	5
Gillette Safety Razor	123⅝	97⅛	143	80	106⅛	80⅛	84½	5
Gold Dust Corp.	143¼	71	82	31⅛	47⅞	37¾	43¼	2½
Goodrich Co. (B. F.)	109¼	86⅛	105¾	38¼	58⅛	36	40	4
Goodyear Tire & Rubber	140	45⅛	154½	60	96⅞	62	77½	5
Grandby Consol. Min., Smlt. & Pr.	93	89⅛	102⅞	46¼	59⅞	27	28¾	8
Great Western Sugar	38⅛	31	44	28	34½	28	28½	2.80
Gulf States Steel	73⅞	51	79	42	80	51⅞	58	4
H								
Hershey Chocolate	72⅛	30⅝	143⅞	45	107⅝	70	102⅞	5
Houston Oil of Texas	167	79	109	26	116⅞	52¼	93	..
Hudson Motor Car	99⅞	75	92½	38	62⅞	41⅛	42½	5
Hupp Motor Car	84	29	82	18	26⅝	17⅛	18⅜	2
I								
Inland Steel	80	46	113	71	98	70⅝	88	4
Inspiration Consol. Copper	48⅞	18	66⅜	22	30⅞	16⅛	16⅜	4
Inter. Business Machines	166¾	114	225	109	193	152½	177	6
Inter. Cement	94⅞	56	102¾	48	75¾	55¾	68	4
Inter. Harvester	97⅞	80	142	65	115¾	78⅜	104⅜	2½
Inter. Nickel	269½	73⅝	72¾	25	44⅜	30¼	33½	1
Inter. Paper & Power "A"	86⅜	50	112	57	31⅛	26	27⅝	2.40
Inter. Tel. & Tel.	201	139½	149¼	53	77⅝	58¼	63¼	2
J								
Johns-Manville	202	96¼	242¾	90	148⅜	98	109	3
Jewel Tea	179	77¾	84½	45	66½	43	58½	4
K								
Kennecott Copper	156	80⅛	104⅞	49⅞	62⅜	41⅝	41⅜	5
Kresge Co. (S. S.)	91¾	65	57½	28	9	7⅝	7⅜	..
Kroger Grocery & Baking	132¼	73¼	122½	38¼	48⅛	30⅛	33⅛	1

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS—*(Continued)*

	1928 High	1928 Low	1929 High	1929 Low	1930 High	1930 Low	Last Sale 5/7/30	Div'd $ Per Share
L								
Lambert Co.	136⅝	79½	157¼	80⅛	113	96	100⅜	8
Lehn & Fink	64⅞	38	68⅛	28	36	28	29⅝	3
Liggett & Myers Tob.	122½	83⅛	106	80⅛	113¾	91½	109⅝	5
Loew's Inc.	77	49⅝	84⅛	32	93½	42⅛	86¾	3
Loose-Wiles Biscuit	88¾	44¼	88⅝	39⅛	70¼	50½	62½	2.70
Lorillard	46⅞	23¾	31½	14¼	28⅛	16⅛	24½	..
M								
Mack Truck, Inc.	110	83	114⅜	55½	88⅛	70	73½	6
Macy (R. H.)	187¾	134	255½	110	159¼	125	129¼	2
Magma Copper	75	43⅝	82½	35	52½	32⅝	33⅛	5
Mathieson Alkali	190	117⅝	72⅝	29	51⅜	37½	44⅛	2
May Dept. Stores	113½	75	108½	45⅛	61⅜	49	53⅛	2
McKeesport Tin Plate	78⅝	62½	82	54	86⅜	61	78	4½
Mont. Ward & Co.	156½	115¼	156⅞	42⅝	49⅞	35¼	42⅝	3
Murray Corp.	124¼	21⅛	100⅞	14⅞	25¼	18	21¾	..
N								
Nash Motor Co.	112	80¼	118⅞	40	58⅛	38⅛	42⅞	6
National Biscuit	195¼	159½	236¾	140	91½	71	84	2.80
National Cash Register	104¾	47¼	148¾	59	83½	53⅛	55⅛	4
National Dairy Prod.	133½	64½	86½	36	58⅛	45⅛	54⅛	2
National Lead	136	115	310	129¼	189½	137	142	8
National Power & Light	46⅝	21⅞	71¾	23	58¾	32	46	1
Nevada Consol. Copper	42⅝	17¾	62⅞	23¼	32⅜	17	17⅛	3
North American Co.	97	58⅝	186¾	66⅛	132⅞	93⅜	117⅛	..
O								
Otis Elevator	285½	147⅛	55	22¼	80⅜	67½	72	2½
Otis Steel	40⅛	10⅛	55	22¼	38⅞	30	31⅛	2½
P								
Pacific Gas & Electric	56⅛	43⅛	98⅜	42	74⅞	52⅛	66	2
Pacific Lighting	85⅝	69	146½	58⅛	107⅞	72	96⅛	3
Packard Motor Car	163	56¼	32½	13	23⅜	15⅝	17⅝	1
Paramount Publix	56⅝	47¼	75⅛	35	77¼	48⅝	68	4
Penney (J. C.)	..	..	105¼	66	80	63	65⅛	3
Phillips Petroleum	53⅞	35¼	47	24¼	44¾	29⅛	40⅞	2
Prairie Oil & Gas	66⅝	59⅛	65⅝	40⅛	54	45	46¼	2
Prairie Pipe Line	..	..	65	45	60	53	53	5
Public Service of N. J.	83⅛	41⅛	137⅜	54	128¾	81⅛	108	3.40
Pullman, Inc.	94	77⅞	89¼	73	89⅜	76	78⅛	4
Pure Oil	31¼	19	30⅜	20	27⅛	21⅛	23⅛	1½
Purity Bakeries	139⅜	75	148⅝	55	88⅞	66	70	4
R								
Radio Corp. of America	420	85¼	114¾	26	69⅝	34⅝	52½	..
Remington-Rand	36⅛	23⅛	57⅜	20⅝	46½	25⅝	35¾	1.60
Republic Iron & Steel	94⅛	49⅝	146¼	62¼	79⅛	50¼	55	..
Reynolds (R. J.) Tob. Cl. B	165½	126	66	39	58⅝	49	51⅞	3
Richfield Oil of Calif.	56	23⅛	49⅝	20	28¼	20⅝	23⅜	2
Royal Dutch	64	44⅝	64	43⅛	56⅛	49¼	53	3.20
S								
Safeway Stores	201⅜	171	195¼	90⅛	122⅜	88	90⅝	5
Schulte Retail Stores	67⅛	35⅝	41⅛	3⅛	13⅛	4¼	8½	..
Sears, Roebuck & Co.	197½	82½	181	80	100⅝	78	84¼	2½
Shell Union Oil	39⅝	23¼	31¾	19	25½	20⅛	23	1.40
Simmons Co.	101⅜	55⅝	188	59⅛	94⅞	35⅝	38¼	3
Sinclair Consol. Oil Corp.	46⅜	17⅝	45	21	33	21⅝	27⅛	2
Skelly Oil Corp.	42⅝	25	46½	28	43	28⅞	35	2
Standard Brands	..	..	44¾	20	29¼	22⅛	23¼	1½
Standard Gas & Elec. Co.	84⅝	57⅞	243¾	73⅛	129¼	102¾	115	3½
Standard Oil of Calif.	80	53	81⅞	51½	75	55½	69¼	2½
Standard Oil of N. J.	59¾	37¾	83	48	84⅞	58	76½	2
Standard Oil of N. Y.	45½	28⅝	48⅛	31⅜	40⅝	31¼	36⅝	1.60
Sterling Securities, A	..	..	38	8¼	20½	10⅛	16⅝	..
Stewart-Warner Speedometer	188⅛	77¼	77	30	47	25⅝	28	1
Stone & Webster	..	..	201½	64	118⅝	77	96⅝	4
Studebaker Corp.	87½	57	98	38¼	47¼	35¼	36⅛	4
T								
Texas Corp.	74⅜	50	71⅞	50	60⅛	50⅞	56⅜	3
Texas Gulf Sulphur	82½	62⅛	85¼	42½	67⅜	54⅞	57⅝	4
Texas Pacific Coal & Oil	26⅝	12⅛	23⅞	9½	14⅛	8⅞	11¼	..
Tide Water Assoc. Oil	25	14⅜	23½	10	17⅜	10⅜	15¼	.60
Timken Roller Bearing	154	112⅝	139⅝	58½	89¼	17⅞	77¾	3
Transcontinental Oil	14½	6⅜	15¼	5⅛	24	16¼	20¼	.30
U								
Underwood-Elliott-Fisher	93⅜	63	181¾	82	138	97½	113½	5
Union Carbide & Carbon	209	136⅛	140	59	106⅝	76	86⅞	2.60
United Aircraft & Trans.	..	..	162	31	99	43½	70⅝	..
United Cigar Stores	34⅝	22⅝	27½	3	9	4	5¾	..
United Corp.	..	..	75½	19	52	30⅛	43⅜	..
United Fruit	148	131⅛	158½	99	105	86½	93½	4
United Gas Imp.	..	..	59⅝	22	49⅝	31⅝	43¼	1.20
U. S. Pipe & Foundry	58	38	243⅝	95	38¼	18½	31	2
U. S. Industrial Alcohol	138	102⅜	55⅞	12	139⅜	84½	89¼	7
U. S. Realty	93⅝	61¼	119⅛	50½	75⅛	60	63⅛	5
U. S. Rubber	63⅛	27	65	15	35	21⅛	28	..
U. S. Smelting, Ref. & Mining	71½	39¼	72⅞	29⅞	36½	27½	27⅝	3½
U. S. Steel Corp.	172½	138⅜	261¾	150	198¾	166	173	7
V								
Vanadium Corp.	111½	60	116½	37½	143¼	49⅞	106	4
W								
Warner Brothers Pictures	139¾	80⅞	64½	30	80¼	38⅝	68⅛	4
Western Union Tel.	201	139½	272¼	155	219⅜	168¼	178	8
Westinghouse Air Brake	57⅞	42⅛	67⅜	26⅛	52	40⅝	43⅞	2
Westinghouse Elec. & Mfg.	144	88⅛	292⅝	100	201½	140	173	5
White Motor	43⅜	30¼	53½	27¼	43	31	36	2
Willys-Overland	33	17⅝	35	5¼	11	7⅜	7¾	..
Woolworth Co. (F. W.)	225⅜	175½	103⅞	52¼	72⅜	58⅜	63	2.40
Worthington Pump. & Mach.	55	28	137⅞	43	162½	67½	124	..

* Ex-dividend. † Bid Price. § Script.

Securities Analyzed, Rated and Mentioned in This Issue

Important Corp. Meetings

Company	Specification	Date of Meeting
Anaconda Copper	Directors	5-21
Anchor Cop.	Directors	5-19
Andes Copper	Directors	5-26
Ann Arbor R. R.	Directors	5-20
Assoc. Dry Goods	Directors	5-19
Atlantic G. & W. I.	Directors	5-27
Calif. Packing	Directors	5-20
Chile Copper	Directors	5-27
Cities Stores	Directors	5-21
Gen. Motors	Special	5-26
Gen. Pub. Service	Directors	5-19
Hudson Motor	Directors	5-29
Libby Owens	Special	5-20
Minn., St. P. & S. S. M. Ry	Special	5-20
N. Y. & Harlem R. R.	Directors	5-20
Pere Marquette Ry	Directors	5-20
Sinclair Consol	Directors	5-21
Standard Gas & El	Directors	5-21
Standard Oil of N. Y.	Directors	5-29
U. S. Smelting & Ref	Directors	5-21
United Biscuit	Directors	5-21
Vadsco Sales	Directors	5-20
Vick Chemical	Special	5-26
Wabash Ry.	Directors	5-19
White Rock	Directors	5-28
Woolworth, F. W.	Directors	5-21

Buying Stocks on Sponsorship

(*Continued from page 96*)

more in line with their individual merits. This is only a natural development resulting from the rapid growth in the number of bank-sponsored issues and the continual increase and wide variety of securities listed on our leading stock exchanges.

The Fall Break and Sponsored Stocks

Let us examine the price movements of a few of the well-known common stocks enjoying sound banking sponsorship and witness their action as compared with the general average during the recent bear market, as shown by the accompanying analysis-charts.

In the first place, both issues shown were making new high prices well along into October, when the general market averages had already declined for over a month. Then again, the sharpness of the rallies, immediately after selling pressure was removed, is of interest. Even when selling became all dominant late in October and early November, both issues maintained as orderly a retreat—without noticeable "air pockets"—as might be expected under the panic conditions prevailing.

Ably sponsored stocks of this type, in addition to their many investment holders, attract a speculative following which buys largely on margin for temporary holding in the last stages of an upward price rise of major proportions. Consequently, when the crash finally comes, forced selling from this weak speculative group of holders accentuates the decline and temporarily disguises the underlying support. But once pressure is removed, however, the rallies are frequently very sharp—as indicated on the two charts shown; and of still further importance, both American Can and American Telephone have played leading roles in the January to April rise of this year.

It is also evident that important bank-sponsored stocks of this type enjoy an active and close market. Manipulation admittedly has its evils; but most frequently the very process of support and manipulation provides at all times a ready and active market for both buyer and seller alike. In fact, when leading bankers met to form the well-known consortium in those eventful days of the market crisis last November, the first emergency service decided upon was that of providing bids for leading issues—particularly for those issues sponsored by the banks. Bids were offered at declining quotations,—yes; but at prices on a sort of mechanical scale-down, so that the fear and danger of wide open air pockets were eliminated, and some semblance of a reasonable and orderly market was provided.

Sponsorship is rightly entitled to prime consideration in making up any investment list today. It is, however, not the only important factor, and a discussion of other essential qualities found in a well chosen investment will be taken up in detail in an early issue.

Answers to Inquiries

(*Continued from page 130*)

$339,587 and inventories of $4,412,-047, against current liabilities of $1,-059,338, indicating net working capital of $5,388,161. Regarding the current year, it was officially stated that a number of large orders had been received for 1930 and notwithstanding the decreased activity in the oil industry, prospects for this year were good. Plants at the present time are operating at 75% of capacity, which compares with about the same rate a year ago. In addition new designs are being developed in both gas and Diesel engines, which are likely to be of substantial significance and value. The common shares at existing levels seem to discount the more immediate prospects, but in view of the indicated substantial activity in the natural gas industry, the issue is not without a degree of speculative attraction for holders willing to disregard intermediate market fluctuations and retain over an extended period.

SUN OIL CO.

I have been told that Sun Oil common could readily have a substantial rise because of the widespread and varied interests of the company some of which are supposed to hold vast possibilities. Such a move can't come too soon for I am still hung up with 40 shares at 82 bought last year. What is your advice? Shall I continue to retain my stock or put the money into something else with more definite prospects?—S. O. H., Waco, Texas.

The Sun Oil Co. is a complete unit in the oil industry, producing, transporting, refining and distributing petroleum and petroleum products under the trade names "Sunco" and "Sun Oils." The range of products is broad, including lubricants, fuel oil, gasoline, gas oil, greases, road oils, asphalt, wax, kerosene and other crude oil derivatives. Production of crude oil is currently about 21,000 barrels daily from 812 wells operated on leases aggregating 23,000 acres in Texas, Oklahoma, Arkansas, Louisiana, Kansas and New Mexico. This is at an annual rate of about 7,500,000 barrels and compares with actual production of 6,671,331 barrels in 1929. Part of the company's production is prorated however, and could, from present wells, be increased by from 5,000 to 7,500 barrels daily. Reported net income of $8,242,491, or $5.60 per common share, for the year ended December 31st, 1929, represents a gain of 64% over the previous year when net income amounted to $5,008,-027 or $3.33 a common share. Gross revenues have advanced from $48,697,-000 to $86,008,000 during the last five years, an increase having been shown in each year except 1927. Part of the increase last year was due to the inclusion of Sun Shipbuilding & Drydock Co.'s results for the first time. Of significance, however, is the fact that a 34% increase in gross produced a 64% gain in net, despite a large increase in the amount charged off to depreciation and retirements. Considerable expansion has taken place in recent years, especially in the distributing branch of its operations and during the early part of the year $5,000,000 of 6% preferred stock was sold to defray the cost of extensive improvements already completed or in the process of construction. The shares at existing levels are quite reasonably priced and possess favorable possibilities for long term appreciation. The sharp expansion in gasoline business and large potential reserves provide an optimistic outlook and while intermediate earnings will, of course, be dependent on trade conditions developing, there seems ample justification for retaining present commitments.

MACK TRUCKS, INC.

How do you rate Mack Trucks common in view of the poor earnings reported for the first quarter? Is the dividend likely to be cut? Would you advise accepting a loss of over $250 which I have on 25 shares bought in March?—D. W. S., Oakland, Calif.

Mack Trucks, Inc., is the largest manufacturer in this country of high class heavy duty trucks. The company also produces motor coaches and buses, fire-fighting equipment, etc., and has recently introduced a new 1½ ton truck for fast delivery service. The company's sales in both the passenger bus and truck divisions were adversely affected by the recent recession in general business, also adverse weather conditions in Chicago and other important centres in the Middle West, which greatly hampered deliveries. This has retarded income so far in the current year, net for the first quarter being estimated at 95 cents per share. However, these delays in making deliveries

IRB

Will Stocks Break Their November Lows?

SOME market commentators are now predicting that a large number of stocks will continue to decline until they have broken through their lows of last November.

These observers assert that many securities are still priced absurdly high—that business is very poor and will continue at a low ebb for many months.

These economists look to see stocks priced on a sane basis—a basis which they declare has not yet been reached.

Is there indeed a possibility that recent drastic reactions are only a forerunner of what is to come?

What, specifically, should now be done with the following stocks?

GENERAL MOTORS	AMERICAN INTERNATIONAL
RADIO CORP.	WALGREEN
PACKARD	REMINGTON RAND
NATIONAL BISCUIT	UNITED AIRCRAFT
PHILLIPS PETROLEUM	COMMERCIAL SOLVENTS
WARNER BROS. PICTURES	NATIONAL POWER & LIGHT
PARAMOUNT	UNITED GAS IMPROVEMENT
UNION CARBIDE	AMERICAN & FOREIGN POWER
BENDIX AVIATION	AMERICAN TOBACCO

The near and long term outlook for the general market and for the above list of securities is summed up in our Current Stock Market Bulletins, copies of which will be sent to you free of charge. Simply fill out and mail the coupon.

INVESTORS RESEARCH BUREAU, INC.
Chimes Building, Syracuse, N. Y.

Investors Research Bureau, Inc.,
Div. 643, Syracuse, N. Y.

Kindly send me specimen copies of your Current Stock Market Bulletins. Also a copy of "MAKING MONEY IN STOCKS." This does not obligate me in any way.

Name ....

Office Address ....

Home Address ....

City .... State ....

Important: Print your name and address plainly so you will be sure to get this material.

will work out to the advantage of operations in the current quarter and indications now are that profits for the half year are likely to equal or exceed $3 per share, thus covering present dividend requirements. With only a small amount of a subsidiary's note issue outstanding and senior to the 755,625 shares of capital stock, the company is moderately capitalized and appears to be in splendid financial condition, the balance sheet of December 31st, 1929, showing current assets exceeding $44,000,000 against current liabilities of only $7,208,000. While the impressive 1929 net income of $9.05 per share may not be achieved in the current year, earnings will be substantial and we know of no intention to omit or reduce present dividends. As a business man's commitment, maintenance of your present position is counselled, as opposed to a sacrifice sale.

GLIDDEN CO.

The market action of Glidden common so far this year has been very disappointing to me. Is this another instance of where the company has expanded too rapidly and it will take some time to properly absorb and benefit from its acquisitions? Is the present dividend safe? I have 100 shares for which I paid 54. If Unilever of Europe were to purchase the controlling interest in the food products division of Glidden as was recently rumored, how would this development affect the market value of my stock? E. O. H., Pittsburg, Kans.

The Glidden Co. is one of the largest factors in the paint and varnish industry, manufacturing paints, varnishes, lacquers, enamels, kalsomines, chemicals, etc., and operates a chain of retail paint stores in connection with this division of the business. In addition to these regular lines, the corporation last year inaugurated an important new department by entering the food industry through purchase of Durkee Famous Foods, this branch now comprising a large and important part of the company's activities, while the margarine business of E. F. Drew & Co. was also recently acquired. Net income for the fiscal year ended October 31st, 1929, equalled $2,942,000 against $2,261,000 in the previous 12 months, results per share being $3.53 against $3.48 on a smaller capitalization in 1928. Sales so far in the current fiscal period show a large gain over the previous year, with some slowing up in March, due to unseasonable weather. This was succeeded, however, by record breaking operations in April. Financial condition as of October 31st, 1929, was thoroughly sound, although the marked expansion of the company's operations resulted in substantially higher notes payable and inventories. President Joyce has refused to comment on the reported purchase of the company's food division by Unilever, although admitting that the latter recently completed a survey of Glidden's food and vegetable oil plants. The shares appear somewhat undervalued at this time, considering that further earnings growth appears not only warranted but probable. We regard the issue as a rather attractive business man's commitment for those willing to assume a reasonable degree of risk and with steady co-ordination of the company's activities, profits from the food division may be expected to show material betterment in the current year.

INDEPENDENT OIL & GAS CO.

Considering the generally improved outlook for the oil industry I have in mind purchasing an additional 25 shares of Independent Oil and Gas common around 28. I already have 25 shares at 37. Will you please give me your advice in this matter? How about the present $2 dividend—is it safe?—E. A. F., Enid, Okla.

This company was formed in 1919, chiefly as a producer of oil and gas, but has achieved steady integration since that time by acquisition of refining and marketing facilities. Over 56% of the corporation's refined products were marketed through its own stations in 1929. The company's properties are located mainly in the Mid-Continent field, with pipe lines connecting the principal producing leases. Output of crude is believed to be averaging around 40,000 bbls. daily, against 30,000 bbls. at this time last year. Two refineries and several natural gasoline plants are operating with units having a fairly large capacity. In this latter connection, the company conducts one of the largest natural gas marketing and distributing systems in Oklahoma, supplying over 50,000,000 cubic feet of gas each 24 hours. Net income in 1929 equalled $4.32 per share, with financial condition at the end of last year satisfactory, although working capital had become somewhat reduced by a decline in the cash and marketable securities position. Net profits in the three months to March 31st last only equalled 54 cents per share, but improved conditions now taking place in the trade seem to warrant a decided recovery in earnings in the current quarter and it does not seem too much to expect that full 1930 results may well approximate those of last year, unless the overproduction menace again makes its appearance. As a somewhat radical commitment we would not oppose a moderate additional purchase, provided you can keep in reasonably close touch with the situation. However, as the shares do not

possess investment status, you must be prepared to take a business man's risk. The current $2 annual dividend looks safe enough for the present, having been paid since January, 1929.

U. S. GYPSUM CO.

Is U. S. Gypsum common a "buy" around 55 in view of the improved outlook for construction activities on account of easier credit conditions? The yield is small but if there is a good chance for price appreciation in the stock market the next few months I would be interested in purchasing about 50 shares for I believe the company is sound. What is your recommendation?—B. L. S., Cumberland, Md.

Net profit of the U. S. Gypsum Co. for last year declined 15.4% from 1928 results, continuing the downward trend shown since 1925, but it is predicted that the recession has been checked and that current year earnings will show a reversal of the trend. The company is a leading producer of wall plaster, fireproof wallboard, floor tiles and related non-gypsum lines such as lime, plaster and stucco paints. Several recent acquisitions, including the Northwestern Expanded Metal Co. and the Niagara Gypsum Co. have widened the company's scope. In view of the fact that the company was faced with a trade war and an unsatisfactory price situation in the first half of 1929 and curtailed building construction in the final six months, earnings of $3.98 on the 1,149,290 shares of common stock outstanding at the close of the year were not unsatisfactory. Earnings in 1928 were equivalent to $7.22 on 760,436 shares, but this figure cannot strictly be compared with 1929 results because of the issuance of rights at a price far below market levels. With the settlement of patent litigation on a favorable basis, and the establishment of a more satisfactory price structure, improvements and new plants and the prospect that building activity will show an increase later this year, the outlook for the company has improved. While sharp near term price appreciation for the stock is not looked for, the longer term outlook appears favorable, and we would not be opposed to moderate commitments where it is the plan to hold over a period of several years.

RADIO-KEITH-ORPHEUM CORP.

Do you think the recent substantial rise in Radio-Keith Class A common has fully discounted its nearby prospects? I have a nice profit on 50 shares which I contemplate taking especially in view of the fact that earnings of amusement companies in Summer months invariably show a decline. If your recommendation is to hold on,

would you also advise taking advantage of the rights?—L. T. G., Yonkers, N. Y.

Radio-Keith-Orpheum was created in November, 1928, as a holding organization, controlling Keith-Albee-Orpheum and F. B. O. Productions, being also affiliated with Radio Corp., R. C. A. Photophone and the National Broadcasting Co., thus comprising in one group an important factor in the vaudeville, talking picture and radio fields, with future potentialities of large dimensions. Under highly efficient management the company is forging rapidly ahead and bids fair to become one of the leaders in the motion picture industry. An important contract has just been closed with Columbia Pictures by which R. K. O. takes the 1930-31 Columbia output of sound-film productions to be exhibited at all theatres on the R. K. O. circuit, this transaction involving approximately $5,000,000. Up to the Summer of 1929, operations had regularly resulted in deficits, but by September of last year, the management had succeeded in placing the enterprise on a profitable basis, since which time the increase in net income has been exceedingly rapid. As evidence of this fact, earnings for the first quarter of the current year equalled 87 cents per share of Class A, comparing with 27 cents per share in this 1929 quarter and considerably larger than the 63 cents per share reported for the whole of last year. It seems likely that the steady growth in operations and profits will be maintained in the current 12 months. The company possesses excellent affiliations and prospects, and with financial condition satisfactory we incline toward further retention if you can assume the hazards necessary with a speculative issue of this class. Likewise we would not oppose exercising your rights to subscribe to new stock

COTY, INC.

What is the nearby outlook for Coty common? Is the current dividend secure? I have 50 shares for which I paid 61 last year and have been thinking of buying 50 more around 30 to average. Would you recommend such a commitment now?—F. V. B., Elizabeth, N. J.

Through consolidation of its foreign affiliates, accomplished by an exchange of stock, Coty, Inc., now ranks as the leading enterprise engaged in the manufacture and sale of perfumes, cosmetics and other toilet articles. Plants are maintained in the United States and France, and world-wide distribution of its products is carried on through an extensive international chain of sales agencies. Earnings record in past years, reveals a constant growth of profits since 1923. Despite the disappointing volume of sales during the final quarter of last year, net income for full 1929 year established a new high record for the company, per share earnings amounting to $2.73 on 1,492,655 common shares, against $3.09 on 1,311,048 shares for the calendar year of 1928. Financial condition at the close of 1929 was satisfactory, current assets being equal to more than three times current liabilities. Late reports indicate that company's sales thus far in the current year have exceeded those of previous years by a slight margin. Although improvement in sales volume is likely to continue, lower prices for company's products, precludes any substantial gain in net income during immediate future. Nevertheless, income should be augmented during the year by the introduction of of new products. Thus, with resumption of normal buying next Fall, profits for 1930 may be expected to make a satisfactory showing, although improvement is likely to be moderate. Dividends are being paid at the annual rate of $2 in cash and 6% in stock. In view of the company's dominant position in its field, and satisfactory past record, the common stock offers interesting possibilities as a speculation for holding over a period of a year or more. At present levels, its shares offer a return of more than 7% from cash dividends solely.

J. C. PENNEY CO.

J. C. Penney common has been recommended to me for investment by a conservative house but I would like to receive your advice before I buy. What are the nearby prospects for this company considering current business conditions?—M. R. P., Elgin, Ill.

J. C. Penney Co., one of the largest organizations in its field, is an outgrowth of a retail merchandising business established in 1902, when J. C. Penney opened a dry goods store at Kemmerer, Wyoming. Through acquisition of other organizations and the opening of new units, the company has constantly expanded its facilities, and now operates a chain of 1,416 stores, scattered extensively throughout the United States. The stores specialize in the sale of men's and women's clothing, shoes, dry goods and various articles of the general merchandise class. Although, under its charter, the company may manufacture all kinds of merchandise, manufacturing has thus far been confined to corsets and a few other articles of apparel, through a subsidiary company. In line with company's expansion, both sales and earnings have steadily increased since 1921, volume of sales for 1929 equaling about 4½ times total reported for 1921, while net income of $12,413,377 for last year compared with $10,588,972 in 1928, and only $1,254,634 in 1921. Reduced to a per share basis, 1929 earnings were equal to $4.66 on 2,399,661 common shares, as compared with $14.12 in 1928 on 667,888 shares. The company reported a strong financial position at the close of last year, current assets exceeding current liabilities by approximately 6½ times. Although sales during the month of March showed a decline, sales for the initial four months of 1930 registered a gain of 8.5% over those of the first four months of 1929, April sales gaining 16.9% over April 1929. Late reports indicate that a record volume of business is anticipated for the full current year, and while the company may find it necessary to reduce prices somewhat, the increased sales should be reflected in larger profits for the full year. While its common shares are not undervalued in comparison with 1929 earnings and present dividend rate, the issue is not without merit for holding as an investment commitment.

23 Points Profit On 4 Stocks in 5 Days

SUBSCRIBERS to The Investment and Business Forecast of The Magazine of Wall Street are netting substantial profits right along. They have just taken 23 points profit on 4 stocks in 5 days through following our definite advices. This is another illustration of how our experts watch and catch the technical turning points of the market for the material benefit of our subscribers.

New Campaign Starting

During the recent readjustment our experienced analysts have been reviewing the technical, fundamental, and statistical positions of every active security as a preliminary to establishing our subscribers in a sound, profitable position for the next phase of the market.

We have done all of this preparatory work knowing that although the coming market movement will be a highly irregular one, selected securities will offer opportunities for exceptional profit.

Now we are ready to start another campaign for these substantial security profits that should be available shortly. Several of these securities are just about in a position to be recommended. So that you may receive them at the same time as our regular subscribers, we suggest that you place your subscription to the Forecast immediately.

Through the definite security advisory guidance you will receive as a Forecast subscriber, you should quickly be able to recover any paper losses you may now have or any security losses you may have actually sustained during the past year.

Place your subscription NOW and we will:

This Complete Service For Only $75

(a) telegraph or cable you three to five stocks if you check below that you wish to take a position immediately. These stocks will be selected from our current recommendations and you will be advised when to close them out or cover;

(b) mail you the regular weekly and all special issues of The Investment and Business Forecast for six months, summarizing by wire or cable all important advices—when to make commitments and when to close them out or cover;

(c) telegraph or cable you the current weekly recommendations of our "Unusual Opportunities in Securities" department and wire you usually on Friday the recommendation to be analyzed in our regular edition to be mailed you the following Tuesday. Definite closing out advices are also given in this department which is chiefly for the semi-investor;

(d) all telegrams or cables will be sent in private code after our code book, which will be mailed on receipt of your subscription, has had time to reach you;

(e) analyze your present and contemplated holdings upon request at any time during the term of your subscription and tell you what to do with each security—hold or sell; and also answer questions concerning the status of your broker through our Personal Service Department. Our Personal Service will help you recoup any losses you may now have and the Forecast will establish you in a sound, income-making, market position.

The Investment and Business Forecast is the only security advisory service conducted by or affiliated in any way whatever with The Magazine of Wall Street.

MAIL THIS COUPON TODAY

THE INVESTMENT AND BUSINESS FORECAST May 17

of The Magazine of Wall Street, 42 Broadway, New York, N. Y.

Cable Address: TICKERPUB

I enclose $75 to cover my six months' test subscription to The Investment and Business Forecast. I understand that I am entitled to the complete service outlined above. ($150 will cover a 13 months' subscription.)

Name ....

Street and No. ....

City .... State ....

☐ Telegraph me collect, three to five stocks in which to make commitments at the market as mentioned in (a) and supply wire service as mentioned in (b).

☐ Telegraph me collect, the current weekly recommendation of your "Unusual Opportunities in Securities" department and every week thereafter as mentioned in (c).

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date

	Bid	Asked
American Book Co. (7)	96	98
American Cigar Pfd. (6)	80	95
Amer. Dist. Teleg. (4)	84	87
Do Pfd. (7)	111½	113½
Amer. Manufacturing (3)	50	53
Do Pfd. (5)	65	69
Amer. Meter Co. (5)	70	80
Babcock & Wilcox (7)	125	129
Bliss (E. W.) Co., 1st Pfd. (4)	50	..
Cl. B Pfd. (0.60)	9½	..
Bohack (H. C.) Co. New (2½)	72	78
1st Pfd. (7)	101	105
Bon Ami, B (3)	40	44
Cleveland El. of Illum. Pfd. (6)	111	114
Congoleum Co. Pfd. (7)	98	..
Crowell Publishing (6)	79	83
Do Pfd. (7)	106	109
Detroit & Canada Tunnel	7½	8
Dixon (Jos.) Crucible (8)	168	175
Dry Ice Holding	50	58
Fajardo Sugar	57	59
Franklin Rwy. Sup. (4)	60	65
Gt. Atl. & Pac. Tea Pfd. (7)	116	119
Helme, Geo. W. (5)	85	90
Pfd. (7)	135	138
Merck Co. Pfd. (4)	84	88
Metro. Chain Stores New Pfd. (7)	..	85
Murphy (G. C.) (1.20)	55	65
Pfd. (8)	102	106
Neisner Bros. Pfd. (7)	115	125
New Eng. Tel. & Tel. (8)	152	155
Newberry (J. J.) Pfd. (7)	98	103
Remington Arms 1st Pfd. (7)	88	92
Savannah Sugar (8)	83	88
Pfd. (7)	92½	96
Singer Mfg. Co. (10P)	500	525
Smith, A. O. (2)	225	235
Standard Screw (8)	130	140
United Porto Rican	24	28
Pfd. (3.50)	33	35
Wash. Ry. & Elec. (5)	720	..
Pfd. (5)	97	..
Welch Grape Juice (1)	57	63
Do Pfd. (7)	100	104
West Va. Pulp & Paper (2)	36	39
Do Pfd. (6)	97	100
Wheeling Steel (4)	82	86
Do Pfd. (8)	125	130
Do Pfd. B (10)	133	137
White Rock 2nd Pfd. (10)	180	..
1st Pfd. (7)	98	103
Woodward Iron (4)	72	..
Pfd. (6)	97	..

Chain Merchandising Meets the Test

(Continued from page 101)

narrow. From the standpoint of price then, the chains are competing on a practically even basis and must therefore depend upon other business stimuli such as advertising, strategic location, and most important of all, the ability of the store manager to obtain and hold the good-will of his customers. Tact and courtesy combined with the desire to please will win more trade for a store than a round dozen of penny bargains. The factor of managerial ability always of prime importance is emphasized in the chain store system whether it be in the purchasing, manufacturing, distribution or selling departments. A high plane of executive talent must be present in every phase.

New Ideas Being Tried

Several of the larger grocery chains have been closing stores in a given area and installing a single super-unit carrying in addition to staple groceries, fancy goods, meats, fish and fresh fruit and vegetables. This is an experiment designed to draw customers and may prove successful; but for the time being the added cost of new equipment, handling charges and larger inventories is bound to be reflected in profit margins.

Another condition which will probably retard future rapid expansion and cut into profits is the increasingly higher rentals being asked for suitable store locations. Some companies, however, are rather favorably situated in this respect having acquired long term leases some time ago. F. W. Woolworth is a notable example. The newer chains and particularly the mail order houses engaged in establishing retail units throughout the country are undoubtedly experiencing no little difficulty in obtaining desirable locations on a satisfactory rental basis.

Growing Antagonism to Chains

So much for the internal problems of the industry, but what will be the effect of the organized antagonism to which the chain stores have been lately subjected? Can the influence and activities of the chain store be curbed by legislation? How will the chain store fare in a year of business depression? At the outset let the reader bear in mind that almost from its inception the chain store has had to contend with seemingly insurmountable obstacles placed in its path by the stubborn resentment of independent merchants. Whole communities have been enlisted

to resist the invasion of the chains and all manner of charges have been heaped on their heads.

One of the most familiar complaints registered against chain stores is that, controlling a large volume of business, they are forcing manufacturers to grant secret rebates and discounts. But if this practice did exist at one time it has since practically died out. Admittedly, the chain store system with million dollar orders at its command is able to purchase merchandise at a lower cost than a single local merchant. Theoretically, this is supposed to give the chain a decided advantage but this advantage is probably more apparent than real. It is reported, for instance, that the Great Atlantic and Pacific Tea Co. purchases $10,000,000 worth of merchandise annually from a single biscuit company. To the biscuit company this means a substantial savings in accounting and sales costs and the elimination of credit losses. Is it unfair then that the chain store should share this savings and in turn pass it along to the customer? Moreover, sight is apparently lost of the fact that the chain store must add heavy warehousing and organization expenses to the cost of its merchandise which in numerous instances, according to reliable surveys places the chain practically on a parity with the independent, the difference in favor of the chain, however, being its willingness and ability to accept a lower margin of profit in order to swell the volume of sales and accelerate turnover.

Refuting False Charges

The proponents of the independent store charge the chain with instituting the practice of "loss leaders," selling merchandise in short weight packages, non-support of community activities, lower-than-standard wages, exploiting private brands of inferior quality, monopoly, and in general with being an unscrupulous parasite. All of these charges are either totally baseless or may apply only in a few isolated instances.

The policy of selling such staples as flour, sugar, coffee, etc., at cost or less, known as "loss leaders," in order to attract customers to a store has been gradually abandoned. It was frequently found that the housewife would buy these "loss leaders" and do the balance of her shopping elsewhere and it is now felt that the chain store is too well known to profit by this sort of advertising.

Prominent manufacturers all over the country have emphatically denied that they supply chain stores with short weight packages. If, however, a manufacturer supplies a chain with a lower grade of goods which can be retailed cheaply, the purchaser of this class of

merchandise should realize that he is obtaining nothing more than he pays for. With the growth of chains has come an increasingly large interest on their part in the affairs of the communities in which they are located and the majority of the members of the National Chain Store Association are members of local Chambers of Commerce. They have displayed their willingness to entertain requests for subsidizing local industries and contribute their share of local taxes either directly or in rentals.

There is no evidence to support the contention that chain stores do not pay an equable wage to employees. Managers share in the profits of the store and all employees are afforded ample opportunity for advancement.

It is true that many of the larger chains own private brands of merchandise and engage in canning, baking, coffee roasting and manufacturing. These are prominently displayed and usually priced below the standard brands. It is unreasonable, however, to suppose that these companies would risk the loss of customers by attempting to sell them inferior merchandise. Neither is it likely that these private brands are exploited and well known trade-marked articles subordinated. Customer psychology is opposed to being solicited to buy "something just as good."

These various charges against the chains have received considerable publicity but it is doubtful whether they will permanently cripple the chain method of merchandising, although they may temporarily retard the excessive rate of growth which has characterized recent years.

The Retailer Fights Back

A recent survey made by the Department of Commerce disclosed the fact that less than 5% of the failures among retail merchants in every section of the country was due to competition. Inefficiency was undoubtedly the main cause. The wide-awake retailer is learning to apply chain store methods to his own business. He is obtaining buying advantages through co-operative associations, many of which are of such size and organization as to afford him prices entirely comparable with those of the big chain. The small merchant is reducing his slow moving stock; he is advertising; and he is making attractive displays. In other words instead of devoting his time to decrying the invasion of the chain store he is both buying and selling to better advantage. The fact that many chains, principally in the urban districts, are extending credit and making deliveries is indicative of the progress being made by the independent.

The amount of anti-chain legislation on the part of numerous states has reached alarming proportions and with the nebulous factor of politics to contend with, it is impossible to foresee the outcome of this development. A number of bills have been enacted, and although many have been declared unconstitutional, a new crop is in the course of preparation. The possibility of restrictive legislation on the part of the Federal Government is also growing. Interference from these sources constitutes a serious menace to the future of the chain store and should be carefully watched.

Sales in the majority of chain stores of all classes experienced a sharp decline in the earlier months of the current year but in April registered an encouraging improvement. In some instances the improvement was quite pronounced. Most of the chains, however, experience the largest volume of business in the last six months and unless general business proves exceedingly disappointing, the showing for the full year should not fall far below the favorable figures of recent years.

That the chain store companies are now passing through a period of readjustment, aggravated beyond its normal significance by outside influences, is, of course, not to be denied. The chain store, however, is here to stay and playing a definite and important economic role in every community, it is not likely to be boycotted or legislated out of existence. Under present conditions chain store stocks, deprived of their spectacular characteristics may prove disappointing from a near term market standpoint. The investor, however, endowed with patience should be well rewarded for his foresight in selecting sound chain store securities at a time such as this.

A Model Investment Club

(*Continued from page* 127)

VI. Finances—
Section A—That each member shall deposit with the Treasurer —— dollars at each monthly meeting.
Section B—That all financial measures shall require a two-thirds vote of the members of the organization present at the meeting, provided that at least 60% of the members in good standing are present.

VII. Revocation and Amendment—
Section A—That this agreement may be revoked, revised, or amended by a written vote of two-thirds of all members of the organization. Any amendment proposed at one meeting shall be voted on at the next regular meeting.

IN WITNESS WHEREOF the parties hereto have executed this agreement in the presence of:

Witness Signatures

Conclusion

The above agreement has grown out of several agreements previously used and has been tested in actual operation. It possesses an unusual degree of flexibility and affords a practical method of applying the investment trust principle to small amounts, enabling the members to gain experience in analysis and selection of securities and perhaps derive substantial monetary profit.

Uncle Sam's Line of Credit—What's Back of It?

(*Continued from page* 99)

are climbing into the higher classes.

In analyzing Uncle Sam's income, the Banker would be surprised to find how relatively small is that part of the realized income of individuals that is derived from corporation-investments—only about five billions in 1913 dollars, or about 8.3 billions in current dollars—in the industries that are dominated by corporations, that is, banking, factories, mines, quarries and oil wells, railroads, street railways, electric light and power, telephones and telegraphs. Of the five billions, interest accounted for 1,288 millions, preferred dividends 736 millions and common stock 2,984 millions—in 1928. The comparative figures for the twenty years from 1909 to 1928 show that while interest increased only slightly and preferred dividends about 50 per cent, common dividends almost quadrupled as measured by 1913 dollars. The total market value of the individually owned securities in these industries gave them in 1925 a purchasing worth in 1913 dollars of about 57 billions, as against approximately 50 billions in 1913.

Viewing the credit problem from every angle—value of capital investment, total income or total realized income, distribution of income, distribution of property, moral risk, expansion, management—Uncle Sam and the Collective Banker would concur that a line of credit of around 60 billions of dollars—or 90 billions, if we take the sum of loans and private deposits as the measure of credit—was amply justified and absolutely secure. Loans and deposits rarely exceed 1 per cent of national income, and debts to private accounts are only 9 per cent of national income. The banks have total resources of 72 billions; and are drawing

One Choice Stock Singled Out

¶ Are you having difficulty, among the many stocks and stocks recommended to you, of locating a *very few choice* stocks?

¶ The policy of American Securities Service for years always has been to keep down, instead of continuously expand, the number of stocks recommended.

¶ Moreover, now and then, going further, for the benefit of those wishing to buy or add one issue only to their list, we have *singled out* one choice stock.

These choice stocks thus singled out during 1927-1930—the complete list—carried on a conservative margin of half their full price, show at April 17th closing prices, annual profits averaging 199% per stock.

An exceptional record this is, based squarely on sound, shrewd analysis and foresight.

Another Stock Singled Out

¶ Our Market Analysts and Engineers have, after careful analysis of the stock list, selected *another* stock of exceptional promise. A special report is prepared on this latest stock thus *singled out* for our Clients. A few extra copies reserved for distribution, free—as long as the supply lasts.

Clip Coupon at Right

American Securities Service

140 Norton-Lilly Building
New York

American Securities Service
140 Norton-Lilly Building, New York

Kindly send me copy of your latest *"One Choice Stock Singled Out"*; also copy of *"Making Profits in Securities,"* both free.

Name ....

Address ....

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of May 6th, 1930

Name and Dividend	1930 Price Range High	1930 Price Range Low	Recent Price
Aluminum Co. of Amer.	356	275	285
Aluminum Pfd. (6)	109	105⅛	†108⅛
Amer. Cyanamid "B" (1.60)	37	24⅝	26¼
Amer. Gas Elec. (1)	157	113⅝	138¾
Am. Lt. & Traction (10)	349½	225	269
Amer. Superpower (1)	39⅛	23⅜	31⅛
Assoc. Gas Elec. "A" (2)	51⅛	41⅜	41⅜
Celanese Corp.	35	20	21
Central States Elec. (.40)	39¾	19	28⅛
Cities Service (.30)	44¼	26⅛	34⅛
Cities Service Pfd. (6)	93⅞	88	90⅞
Cleveland El. Ill. (1.60)	93	68	84⅜
Comwlth. Edison (8)	335½	234	295
Cons. Gas of Balt. (3.60)	129⅞	90⅛	121⅜
Consolidated Laundries	16	10	12⅝
Continental Oil	17¾	12⅛	13
Cosden Oil	74¾	45	45
Deere & Co. (new)	162⅝	113	144
Durant Motors	7	4⅜	4½
Elec. Bond Share (6)	117⅞	80⅛	94
Ford Motors of Canada A	38⅛	28	88
Ford Motor of France	12⅛	6⅛	10¾
Ford Motors, Ltd	19⅞	10¼	17⅛
Fox Theatre A	17⅜	2½	13
General Baking	4⅜	2⅜	2⅞
General Baking Pfd	54⅛	34⅞	35
Gen. El. Ltd. rcts. Eng. (.50)	14	10¾	11
Glen Alden Coal (8)	121½	98	100
Goldman Sachs T.	46¾	34	35¾
Gulf Oil (1.5)	166⅞	131¼	148
Hecla Mining (1)	14	11⅛	12⅜
Humble Oil (2)	119	78	98⅛
Hygrade Food Products	14½	10	11¼
Insull. Util. Invest. Inc.	71	54⅛	61½
Insur. Securities Inc. (1.40)	23	17	18⅛
Internat. Pet. (new) (1)	24	17⅞	19⅜
International Utilities B	19⅛	6⅞	14
Lefcourt Realty (1.85)	25½	14⅞	18⅛
Lion Oil Refining (2)	29	18⅝	24
Lone Star Gas (new) (1)	55⅞	34⅛	45
Metro Chain Stores	30	16	17¼
Mid. West Util.	38	25½	32
Mountain Producers (1.60)	12⅛	8	10⅛
National Fuel Gas (1)	36¾	25⅛	30⅜
New Jersey Zinc (2)	91½	66¼	75⅛
New Mex. & Arizona Land	7¼	3½	4⅜
Newmont (4)	141⅞	105½	109⅛
Niagara Hudson Power (.40)	24⅛	18⅞	19⅜
North. States Power (8)	183½	158	160
Novadel-Agene (2)	34⅞	22⅝	28⅛
Ohio Oil (2)	74⅞	66⅛	70⅞
Pennroad Corp.	16½	12	12¼
Pittsburgh Plate Glass (2)	59¼	53	53
Pittsburgh & Lake Erie (5)	130	111	†108
Safety Car & Heat. (8)	147	120¼	137
Salt Creek Producers (2)	15¼	10	11⅛
Standard Oil of Ind. (2½)	59⅞	49⅞	52⅛
Superheater Co. (new) (2½)	58	38	47¼
Transcontinental Air Trans.	10⅞	6	8⅛
Trans Lux	13⅛	4¼	9
Ungerlieder	36⅛	26¼	27
United Lt. & Pow. A (1)	55⅞	27½	44⅜
United Lt. & Pow. cv. Pfd. (6)	119⅜	97⅛	112⅜
U. S. Gypsum (1.60)	58	42	47⅛
Utility & Indus. Corp.	23¾	16⅛	17⅛
Utility Pow. & Lt. (1)	28	14¼	19
Vacuum Oil (4)	97⅞	85⅞	88⅛

† Bid Price.

MARKET STATISTICS

	N. Y. Times 40 Bonds	Dow, Jones Avgs. 30 Indus.	Dow, Jones Avgs. 20 Rails	N. Y. Times 50 Stocks High	N. Y. Times 50 Stocks Low	Sales
Saturday, April 26	88.07	285.46	149.43	237.84	234.97	2,315,690
Monday, April 28	88.00	276.94	146.72	237.19	230.02	4,852,190
Tuesday, April 29	87.91	278.43	144.98	232.30	226.39	5,410,010
Wednesday, April 30	87.93	279.23	145.08	234.28	229.70	4,553,350
Thursday, May 1	88.13	274.59	140.68	233.98	225.47	4,640,350
Friday, May 2	88.29	266.56	140.33	228.56	220.47	5,986,330
Saturday, May 3	88.09	258.31	140.24	221.87	215.27	4,867,530
Monday, May 5	87.81	259.68	139.16	219.40	209.80	8,272,300
Tuesday, May 6	88.12	268.81	143.03	224.81	217.44	4,755,850
Wednesday, May 7	88.10	263.69	142.16	226.42	220.26	4,295,470
Thursday, May 8	88.18	263.93	141.82	222.64	217.13	3,755,990
Friday, May 9	88.23	267.29	143.03	224.88	219.99	3,009,830

down about 500 millions a year from Uncle Sam as a credit service fee for their stockholders, besides having piled up over two billions of surplus and undivided profits in financing him. In view of this lucrative connection Uncle Sam might be imagined as concluding the interview with a chaffing protest that he ought to have more credit at a lower charge and that the Collective Banker has no justification for his incorrigible habit of getting tight with his credit at times when Uncle Sam finds business dragging a bit, and being so free with it when it is the least needed—as when business is dead or intensely active.

Standard Oil of California

(Continued from page 111)

shares of common stock without par value. The company being free of funded debt and preferred stock, a very unusual condition among large oil companies. Thus, the entire equity in properties and earnings is vested with common shareholders. This, of course, is a strong investment feature.

For 1926, the company's first year in its present form, earnings were equivalent to $4.38 per share on the outstanding common stock. In none of the following years, however, was the company successful in equaling or bettering this showing. It is to be noted though that 1926 earnings included income from non-recurring sources. In the following year profits amounted to $3.19 per share and in 1928 net gained nearly $6,000,000 and per share earnings rose to $3.66. While the improvement last year was less pronounced than in 1928, the fact that any betterment at all was experienced under the adverse conditions which prevailed, is convincing evidence of the company's able management and strong trade position. Due to the increase in the amount of common stock outstanding at the close of the year, earnings per share were slightly below 1928, amounting to $3.63.

Reserves for depreciation and depletion last year totaled $21,089,201 or $1.70 per share, nearly 30% of net income, exemplifying the extremely conservative accounting methods employed. Likewise, property reserves at the end of 1929 were approximately 30% of fixed assets.

Financial position of the company may be regarded as practically impregnable. As of December 31st, 1929 current assets were $102,240,796 greater than current liabilities, the

(Please turn to page 155)

The Talk of The Street

By ARTHUR M. LEINBACH

WE hang our heads for shame in confessing that billion dollar bank mergers leave us cold. We spent several hours recently trying to find out how long it would take to count up to a billion. With the aid of several short cut methods and pencil and paper we finally calculated that it would take about twenty years, if one worked continuously twelve hours a day. Since then, the mere mention of billions, dollars or chalk marks, strikes us as rather dull conversation. And while the financial giants of Wall Street are laying their big banks end on end, we sit here with absolutely no reaction whatsoever. In the quiet surroundings of six incessantly busy typewriters, a news ticker and the new high speed stock ticker, we merely wonder in a sort of a dazed way, how they count all that money anyhow. Even rationing the job among twenty directors would cut tremendously into somebody's golf. After that, there would only be another bank merger to start counting on again. And besides we have discovered a sort of a one-man merger that puts these billion dollar banks out of it as far as we are concerned.

The Wall Street "Jiner"

Believe it or not, there is a broker in Wall Street, who is a member of eleven exchanges. Like Mr. Ripley, we are prepared to offer proof to readers who enclose a two-cent stamp. This most-membered broker is J. Chester Cuppia, member of the firm of E. A. Pierce & Co. Mr. Cuppia's official name sounds like the Prince of Wales. His list of memberships starts with the New York Stock Exchange, the New York Curb Exchange and the Rubber Exchange of New York, Inc., and once he transacted business on the floor of each of these exchanges within one hour. Having come from the floor of the Stock Exchange to the Curb in the morning as was his custom, he received word of a large transaction which he was to put through the Rubber Exchange, immediately and with utmost secrecy. Dashing out of the Curb building, he jumped on the running board of a taxi cab and broke several traffic ordinances on his way over to the rubber market. An ingenious newspaper reporter heard of the feat and gave it wide publicity—so wide in fact that the purpose of the commission to which he had been assigned in secrecy was utterly defeated and caused Mr. Cuppia considerable embarrassment—not to speak of the kidding which he got from fellow brokers who promptly knighted him with the title of the "three-market-broker." Having enabled readers to catch their breath on exchanges, we will go on with the list. He is also a member of the New York Cotton Exchange, the National Metal Exchange, Inc., the New York Cocoa Exchange, Inc., the New York Hide Exchange, the Dallas Cotton Exchange, the National Raw Silk Exchange, Inc., the Memphis Cotton Exchange and the New York Burlap and Jute Exchange. E. A. Pierce & Co., incidentally, are said to hold a firm membership in every security and commodity exchange in the country, naturally filling out their list a good deal with the memberships represented by Mr. Cuppia's partnership in the firm. He never trades in wheat and confines his interest in agricultural products to cotton, as a broker, and to horses, as the owner of a string of eight fine polo ponies. In former years, his interest was confined largely to floor trading on the various exchanges which occupy so much space above. His interest in exchange memberships at present is rather that of a "collector"—an expensive hobby, we might add, but excellent protective coverage for brokers graduated from floor traders to the ranks of market operators.

Broadway Gold Movements

Broadway, in its meanderings up to Yonkers, passes Wall Street, pauses for a moment to catch its breath, and then runs into Times Square. Up and down the famous thoroughfare, from the Rialto to the financial district, there is said to run a constant stream of good hard cash, seeking as economists tell us capital does, a fitting medium of employment. What really happens in real life is something like this: If you

EVERY INVESTOR IS LOOKING . . .

For safety . . income . . appreciation

(The coupon in this advertisement will help you to find them)

MANY and varied are the ways in which different investors employ their capital. The end sought by each, however, is identical. It can be summed up in three words—*safety*, *income*, and *appreciation*. Relative importance may vary but these qualities must all be present.

How then, can you best make certain of obtaining them, in the balance best suited to *your own personal*, *individual* requirements? This question is so important that it demands attention. Mr. Brookmire, as far back as 1904, believed that most intelligent men recognized this importance, and organized the Brookmire Economic Service for the sole purpose of helping them to secure in full measure, safety, income and appreciation of principal invested. How well he built to achieve this is indicated by the fact that today Brookmire Service, with offices in 25 cities and with thousands of clients in nearly every country in the world, is the largest organization of its character in the United States.

Utilizing basic research

Always has Brookmire Service adhered to *fundamental, basic research*. The Brookmire Commercial Service Division carries on the essential studies and the Brookmire Investment Staff interprets their findings. Brookmire adheres to painstaking, complete studies of business trends, specific industry analyses, and individual company surveys *before* any investment advice is given.

Further, Brookmire Service is personalized. In the light of the data developed by the Commercial and Investment Divisions each client has his own individual needs and plans scrupulously considered before his program is suggested.

Increasing investment success

This Service, with its many years of experience and its nation-wide scope is available to help *you* increase the measure of *your* investment success. To find out what Brookmire Service is, how it functions, how you can use it, you need only send the coupon to the address indicated. Complete information *plus* our latest bulletin about present security trends will be forwarded to you without obligation. With securities at present levels this, especially, is a time when you should certainly avail yourself of the opportunity to secure this description of Brookmire investment counsel.

BROOKMIRE ECONOMIC SERVICE, Inc.
551 Fifth Avenue, New York City

Please send me a complete description of Brookmire Service; also a complimentary copy of your latest bulletin.

Name..

Address..

.... M-14

Inquiries from West of the Rockies should be addressed to Brookmire Economic Service, Russ Bldg., San Francisco, Cal.

BROOKMIRE

NEW YORK BOSTON CHICAGO PHILADELPHIA

NEWARK ROCHESTER CINCINNATI MILWAUKEE DETROIT SAN FRANCISCO PITTSBURGH MINNEAPOLIS SEATTLE CLEVELAND ST. LOUIS LOS ANGELES BUFFALO ATLANTA SPOKANE PORTLAND TORONTO MONTREAL COLUMBUS ERIE DALLAS

INVESTMENT COUNSELORS FOR MORE THAN A QUARTER CENTURY

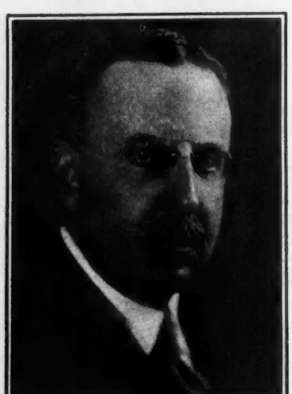
really know your Wall Street, you surely must have heard one or more instances of the tribute that Wall Street yearly pays to Times Square. Every season has its impressive list of theatrical failures, and while we are not statisticians, we figure from some of the stories we hear that at least half of the "flops" must have been backed by bankers and brokers, from this philanthropic little community known as Wall Street. This is not to be confused with the tribute that bankers and brokers pay on the other side of the box office wicket. In short, it is not entirely a legend that most of the good cash which actors bring down to Wall Street pinned neatly to Buy and Sell slips, soon finds its way back to Times Square, through the theatrical ventures of Wall Street men, who in their own backyard are good financiers. We hope that this statement will help to soothe the ruffled emotions of those groups which we heard violently declaiming against Wall Street up at the Lambs Club after the stock market break.

The Golden Pastures

And now the worm has turned, as the whole world already knows, thanks to the fact that Marc Connelly's newspaper friends take particular delight in rubbing it in to the lords of the Rialto. For, out of a clear sky and somewhat towards the end of the season, came "The Green Pastures"—the talk of an entire continent interested in things theatrical, and now, The Talk of The Street For the lords of the Rialto, after rubbing their envious eyes in sheer bewilderment, soon discovered that the outstanding show of the season was being produced by a Wall Street broker—Rowland Stebbins, member of the New York Stock Exchange and erstwhile partner of Decoppet & Doremus, our expanding neighbors on the 4th, 5th, 8th and 9th floors. Last year while the stock market was still making Wall a way-one street, Mr. Stebbins decided to practice what we call diversification down here on lower Broadway. He terminated his partnership with Decoppet & Doremus, retained his membership on the New York Stock Exchange for some reason that is not clear to us and went into the show business. He put on "Merry Andrews" and a something about Magnificent Maggie, neither of which were merry or magnificent from a financial standpoint. Then, after being shopped around to several of the Whos-Whos of Times Square, Mr Stebbins heard an offering on "The Green Pastures." Perhaps it was pure stock exchange instinct that made him snap up the offer in a thin market. At any rate, when a Wall Street broker backs a show that turns out to be one of the season's outstanding box office successes—that's news. And from the capacity houses that Mr. Stebbins is selling, we would say that the next move is for some theatrical person to really make a clean up in Wall Street.

Bull and Bear Biographies

Albert H. Wiggin



Biggest Banker

WILL officially assume the title, on May 31st, of the world's biggest banker, barring only the unlikely event of some other bank merger in the meantime. Title is now vested in Chairmanship of the Board of the new and enlarged Chase National Bank with its 2½ billion dollar resources. Banker Wiggin started from the bottom of the banking business thirty-five years ago in Boston, as an obscure bank clerk without capital, prestige or rich relatives. An energetic worker with dynamic personality, a rare gift for leadership, and an even rarer gift of rising to the top by creating opportunities for others on the way up. Became a V.P. and director of Chase Bank in 1904, when Chase was just "another of those banks" with a few million capital and 52 million deposits. The American dollar became the whole world's currency during and after the war, largely through the successful tactics of the Gold Fund Committee of the Clearing House Association. Chairman of this committee was Albert H. Wiggin. Became associated with Gates W. McGarrah in 1926 when former head of Mechanics & Metals National Bank became chairman of Chase executive committee through merger. Mr. McGarrah, via the Federal Reserve Board, becomes head of International Bank of Settlement at about the same time that Mr. Wiggin heads the largest banking institution in the world.

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

Industrials

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value May 5, 1930, Times Earnings	Dividend Rate
Air Reduction, Inc.	Quarter	.05	ND	1.98	17.0(g)	3
Allis-Chalmers Mfg.	Quarter	.06	ND	.93	15.6(g)	3
Amer. Bank Note Co.	Quarter	.04	ND	.99	20.4(g)	2
Amer. Brown Boveri Elec. Corp.	Quarter	(d)	21	(d)	—	—
Amer. Metal Co., Ltd.	Quarter	.01	37	.77	12.8(g)	3
Amer. Safety Razor Corp.	Quarter	.02	ND	1.34	12.0(g)	5
Anchor Cap Corp.	Quarter	.02	ND	.76	14.7(g)	2.40
Atlas Powder Co.	Quarter	.01	ND	.83	23.5(g)	4
Autosales Corp.	1929	(d)	NM	(d)	—	—
Autostrop Safety Razor Co.	Quarter	.06	ND	1.11-B	12.1(g)	3
Barnsdall Corp.	Quarter	.02	NM	.63-A&B	9.9-A(g)	2
Beech-Nut Packing Corp.	Quarter	.04	ND	1.24	11.4(g)	3
Bendix Aviation Corp.	Quarter	.01	NM(m)	.36	25.0(g)	2
Bethlehem Steel Corp.	Quarter	.02	33	2.60	9.0(g)	6
Bohn Aluminum & Brass	Quarter	.05	22	1.12	10.7(g)	3
Borg-Warner Corp.	Quarter	.03	6(s)	.84	10.9(g)	4
Briggs Manufacturing Co.	Quarter	.02	ND	.38	12.1(g)	—
Bush Terminal Co.	Quarter	.02	79	1.15	8.5(g)	2½
Butte Copper & Zinc Co.	Quarter	(d)	ND	(d)	—	½
Byers (A. M.) Co.	Quarter	.01	ND	.84	22.2(g)	—
Caterpillar Tractor Co.	Quarter	.08	ND	1.79	11.6(g)	3
Cerro de Pasco Copper Co.	1929	.08	ND	4.21	12.4	6
Chicago Pneumatic Tool Co.	Quarter	.01	17	.05	92.5(g)	—
Childs Company	Quarter	.02	49	.80	18.4(g)	2.40
Colorado Fuel & Iron Co.	Quarter	.03	76	3.27	4.1(g)	2
Commercial Solvents Corp.	Quarter	.07	ND	.30	22.5(g)	1
Conde Nast Publications, Inc.	Quarter	.09	35	1.64	7.5(g)	2
Congress Cigar Co.	Quarter	.03	ND	.76	11.5(g)	5
Continental Oil Co. (Del.)	Quarter	NM	19	.11	55.0(g)	—
Corn Products Ref. Co.	Quarter	.03	2	1.07	23.0(g)	3
Diamond Match Co.	Quarter	.03	ND	4.18	12.2(g)	8
General Cigar Corp.	Quarter	.02	15	1.07	11.6(g)	4
General Motors Corp.	Quarter	.05	ND	.98	11.4(g)	3
General Refractories Co.	Quarter	.03	ND	2.53	8.0(g)	4
Granite City Steel Co.	Quarter	.03	ND	1.03	9.7(g)	4
Gulf States Steel Corp.	Quarter	NM	15	.30	48.3(g)	4
Hanna (M. A.) Co.	Quarter	.01	11	.13	NQ(g)	—
Hercules Powder Co.	Quarter	.02	ND	.88	22.1(g)	3
Hershey Chocolate Corp.	Quarter	.11	ND	2.65	9.3(g)	5
Industrial Rayon Corp.	Quarter	.02	2	1.79	14.6(g)	—
Inland Steel Co.	Quarter	.04	44	2.26	9.7(g)	4
Inter'l Business Mach. Corp.	Quarter	.05	9	2.82	15.1(g)	6
Kelvinator Corp.	Quarter	.07	19	.74	7.0(g)	—
Kraft-Phenix Cheese Corp.	1929	.08	ND	2.35	20.8	1½
Lambert Company	Quarter	.38	ND	2.76	8.9(g)	8
Libbey-Owens Glass Co.	Quarter	NR	NR	.40	14.8(g)	1
Marmon Motor Car Co.	Year	.09	ND	2.93	6.2	2
Mid-Continent Pet. Corp.	Quarter	.01	ND	.54	12.5(g)	2
Motor Wheel Corp.	Quarter	.04	ND	.72	9.3(g)	3
National Cash Register Co.	Quarter	.02	ND	.57-A&B	23.8-A(g)	3
Newton Steel Corp.	Quarter	.03	ND	.96	11.7(g)	3

(Please turn to next page)

Recent Reported Earning Position of Leading Companies

(*Continued from page 154*)

Industrials (Continued)

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value May 5, 1930, Times Earnings	Dividend Rate
New York Investors, Inc........	1929	.12	48	3.70	6.7	1.20
Packard Motor Car Co..........	Quarter	.04	ND	.17	24.3(g)	1
Peerless Motor Car Co..........	Quarter	.02	ND	.36	6.0(g)	—
Phillips Petroleum Corp.........	Quarter	.02	37	.60	16.6(g)	2
Pirelli Co. of Italy............	1929	NR	NR	4.67-A&B	9.5	3.14
Pittsburgh Screw & Bolt Co....	Quarter	.05	27	.52	10.0(g)	1.40
Prairie Pipe Line Co...........	Quarter	.04	ND	1.29	10.3(g)	3
St. Regis Paper Co.............	1929	.06	11	1.29	19.8	1
Shell Union Oil Corp...........	1929	.06	41	1.26	17.1	1.40
Standard Oil Co. of N. Y......	1929	.07	18	2.23	16.0	1.60
Superior Steel Corp............	Quarter	(d)	34	(d)	—	—
Trico Products Corp............	Quarter	.12	ND	1.53	6.1(g)	2½
Union Carbide & Carbon Corp...	Quarter	.02	4(s)	.72	29.0(g)	2.60
United Biscuit Co. of Amer.....	Quarter	.03	24	.94	12.9(g)	1.60
United States Steel Corp........	Quarter	.02	6	3.44	12.4(g)	7
Westvaco Chlorine Prod. Co.....	Quarter	.04	40	.89	11.5(g)	2
Wheeling Steel Corp...........	Quarter	.02	37	1.49	14.1(g)	4
Wrigley (Wm.) Jr. Co..........	Quarter	.06	ND	1.11-B	15.5(g)	4

Railroads

Atchison, Topeka & Santa Fe..	1929	.08	40	22.69	9.7	10
Bangor & Aroostook R.R.......	Quarter	.06	123	5.68	3.2(g)	3½
Central R.R. of New Jersey....	1929	.04	48	18.38	14.1	8
Inter. Rys. of Central Amer....	1929	.05	55	6.06	4.6	—
Kansas City Southern Ry.......	1929	.04	94	8.47	8.6	5
Missouri Pacific Ry. Co.........	Quarter	.01	178	.76c	23.3(g)	—
Nashville, Chattanooga & St. L.	1929	.09	47	22.65	5.3	7
New Orleans, Tex. & Mexico Ry.	1929	.06	226	7.57	16.4	7
N. Y., Chic. & St. Louis Ry.....	1929	.06	116	15.51	7.2	6
Pere Marquette Ry. Co.........	Quarter	.01	53	.44	30.2(g)	6
St. Louis-San Francisco Ry. Sys.	Quarter	.01	203	.66	42.0(g)	8
Southern Pacific Co............	1929	.04	62	12.74	9.3	6
Texas & Pacific Ry. Co.........	Quarter	.01	71	.79	41.1(g)	5
Union Pacific R.R. System.....	1929	.07	52	20.36	10.9	10

Public Utilities

Amer. Cities Pr. & Lt. Corp....	12 mos.	NR	NR	3.26-B	6.2	10%§
Amer. Gas & Elec. Co..........	1929	.22	52	6.11	22.7	1
Amer. Lt. & Traction Co.......	Quarter	NR	NR	3.74	18.9(g)	10
Amer. Pr. & Light Co..........	1929	.09	21	4.58	19.8	1
Associated Gas & Elec. Co......	1929	.05	137	2.26	18.4	—
Brooklyn-Manhattan-Transit	9 mos.	.06	177(m)	5.24	9.5(g)	4
Commonwealth & Southern......	12 mos.	.05	83	.72	22.5	.60
Engineers Pub. Service Co......	12 mos.	.07	78	2.83 Average	19.7	1
National Fuel Gas Co...........	1929	NR	NR	1.76	17.4	1
North Amer. Company..........	12 mos.	.08	96(s)	4.85	22.7	10%§
Pacific Lighting Corp...........	12 mos.	.10	137	4.84	19.2	3
Standard Gas & Elec. Co.......	1929	.03	103	6.59	16.5	3½
Twin City Rapid Transit Co....	Quarter	.02	84	1.73	2.8(g)	4
Utilities Power & Lt. Corp.....	1929	.05	116	1.43	24.8	10%§

A—Class "A" stock. B—Class "B" stock. ND—No funded debt. NM—Negligible. NR—Unavailable. (d) Deficit. (g) Based upon estimated yearly earnings as indicated by period reported. (m) Including mortgages. (s) Including obligations of subsidiaries. (§) Payable in stock. (c) Not allowing for accumulated dividends.

(*Continued from page 149*)

ratio being 9.5 to 1. Cash and marketable securities alone were more than double current liabilities. Inventories, valued at $52,228,119, now show a tidy profit as a result of the advance in crude prices since the first of the year.

Dividends at the present rate of 62½ cents quarterly on the common stock were inaugurated in 1927 and were supplemented by an extra payment of 50 cents in 1928. Last year cash dividends amounting to $2.50 per share were paid and in December an extra 2% disbursement in stock was made. The company is apparently committed to a liberal dividend policy and stockholders are justified in anticipating further extras in either cash or stock, as conditions warrant.

There have been an increasing number of mergers in the oil industry during the past year which have not only had the effect of strengthening the position of the companies involved but with the concentration of activities in a smaller number of companies, difficulties arising from overproduction, unethical marketing practices, etc., become fewer. The leading position occupied by Standard of California on the Pacific Coast strongly suggests the company as a logical candidate for forthcoming mergers. It is a known fact that negotiations were at one time being made with Standard Oil Co. of New Jersey and subsequently dropped at the advice of the Government but it is not entirely unlikely that such a merger may be eventually consummated to the mutual benefit of both companies.

Representing the entire equity in one of the country's foremost oil enterprises, the common stock of Standard Oil Co. of California affords all of the desirable characteristics of a sound investment. Added to which, however, the possibilities for future price appreciation are well founded. At recently prevailing levels near 70, the market gives a rather modest appraisal of the company's past record, well intrenched position, and the importance of recent developments.

When Business Strikes Its Stride

(*Continued from page 94*)

ing corn as far north as Minnesota and even Canada. Formerly the farmer was a planter. Now he has to be a business man, and the farm is a business. The farmer is on a cash basis, instead of annual or semi-annual settlements with local merchants and banks. The International Shoe Com-

pany at St. Louis is the largest in the world. Formerly it would not fill an order from a country merchant for less than a dozen pairs in any line. Now, I am told, it will send him a single pair by airmail, and a large proportion of its orders comes by telephone, telegraph and airmail. Incidentally, this sort of wholesale policy enables the local merchant to compete with the chain stores and other cash merchandisers. The farmer sells something every day and buys as he goes along. He may not feel so independent as he did in the old days when the farm was self-contained but he certainly is a more important economic factor. I venture to say that one farmer consumes more purchased goods in 1930 than twenty did fifty years ago.

"A radical politician was weeping over the alleged procession of farmers over the hill to the poor house. 'Thank heaven,' said an opposing talker, 'that if the farmers must go to the poor house they drive there in their own automobiles.' So, you can count agriculture out of the business brakes."

"All right, but what about chronic unemployment resulting from the improvement of machinery, which reduces the number of workers and retires men to the human junk heap at forty?"

"This is rather a difficult subject," was Mr. Whiting's answer. "Please allow me to answer the second part of the question first. If one will look at the actual facts and not listen to the vast volume of prejudiced and erroneous talk on this subject, it is easy to answer the question of industrial reorganization retiring men to the human junk heap at forty. Take the railroads, for instance. Their men do not develop into important key men until they are forty or more years of age nor are they allowed, generally, to have important positions until that age. Go into the majority of the large industrial plants, especially where fine machinery and equipment is used, and it is very likely that you will find at least half of the men at work more than forty years of age.

"It would be a great economic waste to industry to have a man's period of usefulness come to an end at or about forty years of age, and since the men who are running great institutions are becoming more and more alert each year to the human side of their problems, it is reasonable to believe that they will continue with the increase in machinery to make way for men of older average age, for with the new mechanical age in industry the problem is to have men capable of actually supervising the machinery and directing its activity, more so than to have the men doing the actual work.

"It appears that mechanical progress is developing so rapidly that it will continue to throw men out of work faster than increased production will lead to new jobs but the overlap will not block prosperity."

Mr. Whiting's attention was directed to the possibilities of consolidations and mergers leading to oppressive and restrictive monopoly, the elimination of competition as a stimulus to enterprise and the domination of business by a caste system.

"These changes in business organization are mostly improvements of business machinery, demanded by greater volume of business and the necessity of making administration as efficient as the physical machines of industry. No matter how strongly one may feel personally in favor of unit banks common sense tells him that bank consolidations and some sort of branch banking are necessary. E. W. Decker, Minneapolis banker, told a Senate committee the other day that the failure of thousands of country banks had much to do with the farm crisis of a few years ago. If these unit banks had been branches, whether of groups or central banks, there would have been few if any collapses. It is argued that bank consolidations and their attendant and auxiliary companies are getting the banks directly and indirectly into the active control of business, often with discrimination against concerns in which they are not interested. Granting that this may be true to some extent, much depends on the character of management. Bigger business, bigger banks, require bigger and better men. It is fatal to the public interest if narrow-minded men, swayed by personal prejudices, get into the seats of financial power.

"I sincerely believe, however, that our great business leaders, and especially the bankers, of today are just as high grade as the best that have gone before and with much greater training and capacity for leadership and management. I believe, too, that they feel more keenly a responsibility to the public than did many of their predecessors. It is my personal feeling that it is far better to have active, strong, virile, live banking groups manage corporations and be responsible for their activities than it is to allow the dead hand of estates and trusts to conduct the affairs of great institutions. If one will study the history of New England from the period 1910 to 1925, it will be a great object lesson in the matter of what happens to businesses in which there is no active living personality.

"I have no fear of monopoly either in banking or business. I can't think of a real monopoly in America today, of any consequence, outside of the telephone business. Of course, the utilities are usually local monopolies, but that is in the public interest and they are strictly controlled by law and regulation.

"Consolidations and chains of all sorts are limited by the law of diminishing returns and the bounds of management capacity. There is a point where bigness ceases to pay, even if the factor of management stands up. No organization can get along so well without as with the personal touch of the boss. As the older chains get beyond this point, new ones, dominated by a personality will come into the field. No, bigness does not close the door to opportunity."

"And, now, finally, what about the present business situation?"

"Frankly, the business depression is hanging on longer than most of us thought it would. The revival is slow and it is not living up to governmental and National Business Survey Conference forecasts. The gravity of the condition was underestimated last Fall and Winter, and there has been a pardonable tendency to exaggerate recuperation. But improvement is now manifest and it will slowly gain momentum. I do not look for a full swing of business for a new forward advance before next Fall. In the meantime let us not forget that even as matters are we are the most prosperous nation in the world. We are nowhere near the climax of our development. The next upward movement will establish many new business records. The Southwest is just beginning to unfold a new era of prosperity. In an industrial way the Southeast is on the verge of great expansion. The near future as well as the remote future will be highly prosperous. We can keep on betting on the United States."

Trade Tendencies

(Continued from page 128)

recession this Summer is going to be held to moderate proportions, as will the expected recovery in the late Summer. Any prospect that unusually heavy activity will develop through the next two months as it did last year is negated by the fact that railroad releases for both rails and equipment are undeniably in declining volume. To date the railroads have been a reliable mainstay, consuming on the whole more metal than they did in the corresponding quarter last year. In fact, it has been estimated that about three times as many freight cars were installed in the first quarter as in the initial three months of 1929. On April 1st, 37,117 freight cars were reported on order as against 34,083 cars reported on January 1st, enough to assure capacity operations for car

Building and Loan Associations

We will be glad to answer questions regarding Building and Loan Associations, provided that the information available on the association under consideration is sufficiently complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

As a backlog, we recommend a liberal investment in the Full Paid Certificates of The Bankers Building & Loan Association, Denver, Colorado, guaranteeing an annual return of $70.00 in dividends, payable semi-annually, on every $1,000.00 invested.

Issued in units of $50.00 to $5,000.00, all dividends are exempt from Federal Income Tax to the amount of $300.00.

Send today for booklet MWA to The Bankers Building & Loan Association, 1510 Glenarm St., Denver, Colo.

Arizona

8% Accumulative Certificates
7% Fully Paid Certificates
6% Coupon Certificates
with
"Arizona's Largest Association"

FIRST NATIONAL
Building & Loan Association
106-8 So. Central Ave., Phoenix, Ariz.
Write for Explanatory Literature

Texas

7% Cash Dividends $100 to $10,000 No Fees

Investigate then Invest

WRITE FOR FINANCIAL STATEMENT AND FOLDER—TODAY

Equitable Building & Loan Association
803 Lamar
FORT WORTH-TEXAS

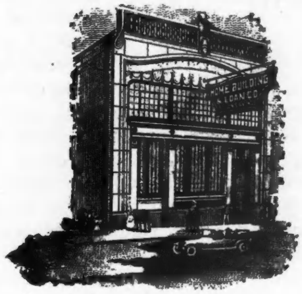
8% NON-TAXABLE INVESTMENTS

Full paid shares issued in multiples of $100. Dividends payable quarterly in cash, and to date of cancellation after 90 days from date of issuance. No fees. Under State Banking Dept. supervision.

Write for literature and particulars.

Texas Plains Bldg. & Loan Association
111 West Sixth St., Amarillo, Texas

Florida



16 and 18 Laura Street

Home Building & Loan Co.
JACKSONVILLE
FLORIDA

Each quarter since organization in 1921 this Company has earned and paid dividends at the yearly rate of

8%

Full Information on Request

New York

On Systematic Savings 6%

5% On Save as You Please Accounts

UNDER SUPERVISION N.Y. STATE BANKING DEPT.

SERIAL
BUILDING LOAN & SAVINGS INSTITUTION
195 BROADWAY-170 FULTON ST. N.Y.C.
WRITE FOR BOOKLET

Texas

7% With Safety

Our Full Paid Certificates, secured by First Mortgage Notes on improved real estate, pay 7% per annum—dividends payable July 1st and January 1st.

Installment and Prepaid Certificates are participating and now earning 8%. State supervision insures the safety of your investment.

Located at El Paso, Texas, where real estate values are not inflated.

Send for descriptive literature

People's Bldg. & Loan Ass'n
Resources in excess of $3,000,000.00
108 Texas Street, El Paso, Texas

Texas

7%

AND 100% SAFETY

for your money in Texas

Why not let your money earn more? A great Texas home-building program can absorb millions with safety.

FULL PAID CERTIFICATES of the NTBLA carry 7% per annum payable in cash every six months.

NTBLA PREPAID CERTIFICATES are issued on payment of one-half face value—$500 for each $1000 unit. Earnings at 7% compounded semi-annually pay them up in full in 10 years 26 days—doubling the original investment.

No membership fees, assessments or other charges of any kind detract from the 7% earnings.

Certain tax exemption and other features commend NTBLA Certificates to the investor.

Write for Booklet M-5

NORTH TEXAS BUILDING & LOAN ASSOCIATION
Wichita Falls, Texas

This interesting booklet FREE ask for it ~ 7% paid from earnings ~ Dividends exceed million dollars. Assets four million. Invest in the growing Southwest for SAFETY, CONVENIENCE *and* PROFIT.

8% **We Pay** 8%

cash dividends, payable quarterly on Fully Paid Shares.

San Angelo Bldg. & Loan Assn.
(Under State Supervision)
20 West Twohig San Angelo, Texas

(*Continued from page* 156)

makers for the next four months. New equipment orders are becoming scarce, however, and in view of reduced railroad earnings there is no assurance that they will pick up in the Fall. Manufacturers, therefore, are tending to string their orders out to make them last as long as possible. Building is apparently on the uptrend and should require increasingly heavier volume of metal through the next two months. Improvement in the automobile industry is slight and almost entirely confined to the small car field; but it is difficult to see how it can get worse, it might get better. Pipe line awards have been noteworthy and substantial volume of steel for agricultural implements, machinery and shipbuilding may be confidently expected. On the whole, prospective demand should be heavy enough to prevent an extensive production decline.

Producers have not been particularly successful in firming up the weakening price structure as the recently announced cuts in quotations testifies. There is some hope that independent operators will not be tempted to shade these reduced levels; but at any rate, there is little prospect of an upward price trend before Fall. An equalizing factor to the lower price is the reduction of union wages in sheet mills which are based on open market quotations. These wages are to be cut some 4½% in May and June to the lowest level reached since 1922. Notwithstanding this reduction in operating costs, earnings for steel companies are likely to show some decrease in the current quarter.

Rubbers are Ready for a Rebound

(*Continued from page* 114)

Goodyear This outstanding leader of the entire rubber industry today not only produces a wide variety of rubber goods, including among the best known, automobile casings and tubes, mechanical, molded and aeronautical products, heels for shoes, hose, etc., but also owns important subsidiaries which supply a large part of its requirements of cotton, fabrics and crude rubber. Manufacturing capacity permits some 100,000 tires and tubes, and over 400,000 pairs of rubber heels, daily. But perhaps the most widely discussed division of this company's business at the moment is the contract which it has with Sears, Roebuck & Co. to supply their entire casing requirements. It is significant that tire sales by mail order houses, including Sears, Roebuck & Co., now amount to around 15% of the entire tire-replacement business and are steadily growing from year to year. Another division of the Goodyear organization is represented by the Goodyear Zeppelin Corp., which controls a large factory and dock at Akron.

Goodyear common at present levels of around 80 not only provides an opportunity to buy into the dominating interest in the entire rubber industry at some 17 points under the 1930 high, but also to get in at a time when the seasonal peak period of manufacturing activity and demand lies directly ahead, and during which earnings may be expected to show continued expansion month by month—not to mention the commanding position which Goodyear occupies in the many merger plans now attracting increasing attention from the speculative fraternity.

United States Rubber This organization, under DuPont management and control, enjoys a particularly well balanced division of its products, with total sales almost equally divided between tires and tubes, mechanical goods and sundries, and footwear. The extensive rubber plantation subsidiary produces over one-third of its crude rubber requirements and has tremendous potentialities for the future. A complete reorganization and program to cut operating costs drastically is now in progress, and promises to show excellent results before long.

The common stock enjoys a very active market on the N. Y. Stock Exchange; and while not cheap on the record of current earnings, has always sold more on the basis of the undeniably attractive future which this company possesses, as well as its commanding position in the industry. An opportunity is presented at current levels of around 29 to get in some 6 points under the 1930 high; and with the tire division at Detroit now operating at the highest level since 1906 and other divisions experiencing seasonal gains, the profit possibilities in the common stock appear good.

Goodrich Around this leader of the rubber industry the recent merger developments appear to have centered. Goodrich badly needed increased diversification of its line of products in the past, in order to stabilize income; and this problem was at least partly solved in 1929 by the acquisition of the Hood Rubber Co. with its extensive footwear business. At present, by adding the Miller Rubber Co. to its subsidiaries and by actively negotiating for the Fisk Rubber Co., a still further solution of this diversification-of-product problem is being worked out. Tire and tube output in 1929 made up about 50% of the total production, and the 1930 outlook for this division is definitely favorable, with a moderate gain over the 1929 total demand expected. Goodrich has recently put out a convertible debenture bond issue totalling $30,000,000 and plans shortly to increase its common stock outstanding from 1,500,000 to 4,000,000 shares.

Obviously, this organization is developing rapidly and will soon challenge Goodyear for first place in the matter of total annual dollar sales. The common stock at current levels of around 40—over 18 points below the 1930 high—offers a combination of high yield and a prospect of improving earnings as the year progresses. It appears as though any adverse effect on the common stock price-level occasioned by the offering of the new bond issue had been pretty well discounted at 40, and with seasonal gains immediately ahead—along with smouldering merger fires—purchases at this level appear to possess good possibilities for profit.

Correction

Through a typographical error it was stated in the May 3rd issue that the earnings of Condé Nast were equivalent to $4.43 a share in 1929 compared to $5.43 in 1928. This should have read: $4.20 a share for 1929 compared with $4.43 in 1928.

Financial Notices

Dividends and Interest

The
North American
Company

QUARTERLY DIVIDENDS

No. 105 on Common Stock of 2½% in Common Stock (at the rate of 1/40th of one share for each share held); and

No. 36 on Preferred Stock of 1½% in cash (at the rate of 75 cents per share)

Will be paid on July 1, 1930 to respective stockholders of record at the close of business on June 5, 1930.

Robert Sealy, Treasurer

AMERICAN WATER WORKS AND ELECTRIC COMPANY

INCORPORATED
(of Delaware)
NOTICE OF DIVIDEND

A regular quarterly dividend of $1.50 per share on the $6 Series, First Preferred Stock of the Company, for the quarter ending June 30, has been declared payable July 1, 1930, to stockholders of record at the close of business on June 12, 1930.

W. K. DUNBAR, *Secretary.*

Canadian Pacific Railway Company

DIVIDEND NOTICE
Dividend No. 136

At a meeting of the Board of Directors held today, a Dividend of two and one-half per cent on the Common Stock for the quarter ended March 31, 1930, was declared from railway revenues and special income, payable June 30, 1930, to Shareholders of record at three p. m. on May 29, 1930.

By order of the Board.

ERNEST ALEXANDER,
Secretary.

Montreal, May 7, 1930.

San Francisco, California
April 29, 1930

At a meeting of the Board of Directors of the Standard Oil Company of California, held this day, regular dividend Number Seventeen, of 62½c a share, was declared payable on June 16, 1930, to all stockholders of record as shown by the transfer books of the corporation in San Francisco and New York at the close of business on May 15, 1930.

STANDARD OIL COMPANY OF CALIFORNIA

SOUTHERN PACIFIC COMPANY

DIVIDEND No. 95

A QUARTERLY DIVIDEND of One Dollar and Fifty Cents ($1.50) per share on the Capital Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York, N. Y., on Tuesday, July 1, 1930, to stockholders of record at three o'clock P. M., on Monday, May 26, 1930. The stock transfer books will not be closed for the payment of this dividend.

G. M. THORNTON, Treasurer.

New York, N. Y., May 8, 1930.

Dividends and Interest

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

PREFERRED DIVIDEND
COMMON DIVIDEND

A dividend of $1.75 per share on the Preferred Stock, being the fifth quarterly dividend, has been declared payable May 31, 1930, to stockholders of record at close of business May 15, 1930.

A dividend of $.375 per share on the Common Stock, being the fifth quarterly dividend, has been declared payable June 30, 1930, to stockholders of record at close of business June 11, 1930.

Transfer books will not be closed.

ROLLAND J. HAMILTON
Secretary and Treasurer

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

The Directors of the International Railways of Central America have declared a quarterly dividend of one and one-quarter of one per cent (1¼%) on the Preferred Stock of that Company, payable May 15, 1930, to Preferred Stockholders of record at the close of business on April 30, 1930.

FRANK I. TENNYSON, *Treasurer*
11 Broadway, New York, N. Y.

CENTRAL ARKANSAS PUBLIC SERVICE CORPORATION

Preferred Stock Dividend No. 69
52 William Street, New York, May 7, 1930

The Board of Directors has this day declared the Sixty-ninth Consecutive Dividend of One and Three-Quarters Per Cent (1¾%) on the Preferred Stock of the Central Arkansas Public Service Corporation, payable on June 2, 1930, to the Stockholders of Record as of the close of business May 15, 1930.

The transfer books will not be closed.

H. G. TOWNSEND, Treasurer.

Underwood Elliott Fisher Company

A dividend of $1.75 a share on the Preferred Stock and a dividend of $1.25 a share on the Common Stock of Underwood Elliott Fisher Company will be payable June 30, 1930, to stockholders of record at the close of business June 12, 1930.

C. S. DUNCAN,
Treasurer.

WARD'S FINE BREAD

WARD BAKING CORPORATION

New York, May 8, 1930

A quarterly dividend of one and three-quarters percent (1¾%) on the Preferred Stock of this Corporation has been declared, payable on July 1, 1930, to stockholders of record at the close of business June 17, 1930.

JOHN M. BARBER, Treasurer

Dividends and Interest

Childs

The Nation's Host - From Coast to Coast

DIVIDEND NOTICE

The Board of Directors of Childs Company has declared the following cash dividends, payable June 10, 1930, to stockholders of record at the close of business, 3 P. M., May 23, 1930.

On the preferred stock, a quarterly dividend of 1¾%.

On the no par value common stock, a dividend of 60c. per share.

The stock transfer books will remain open.

L. E. BUSWELL, *Secretary*
200 Fifth Avenue
New York

Federal Light & Traction Co.

Preferred and Common Stock Dividends

52 William Street, New York, N. Y.,
May 7, 1930.

The Board of Directors has this day declared the Regular Quarterly Dividend of One Dollar and Fifty Cents ($1.50) per share on the Preferred Stock of Federal Light & Traction Company, payable on May 31, 1930, to the Stockholders of Record as of the close of business May 15, 1930.

The Board of Directors has also this day declared the Thirtieth Quarterly Dividend on the Common Stock of the Company at the rate of Thirty-seven and one-half Cents (37½c) per share in cash and one per cent in Common Stock. This dividend is payable on July 1, 1930, to the Common Stockholders of Record as of the close of business June 13, 1930.

The Transfer Books will not be closed.

H. G. TOWNSEND, Assistant Treasurer.

GEORGE A. FULLER COMPANY

57th STREET & MADISON AVENUE
NEW YORK CITY.

At a meeting held today, the directors of this company declared the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Prior Preferred Stock, issued and outstanding, payable on July 1st, 1930, to stockholders of record at the close of business on June 10th, 1930, and the regular quarterly dividend of one dollar and fifty cents ($1.50) on each share of its Cumulative and Participating Second Preference Stock, issued and outstanding, payable on July 1st, 1930, to stockholders of record at the close of business on June 10th, 1930.

Dated, New York, May 7th, 1930.

B. M. FELLOWS, Treasurer.

TO THE STOCKHOLDERS OF SIMMS PETROLEUM CO.:

The Board of Directors of your Company has this day declared from the surplus profits of the Company a dividend of Forty Cents (40c) a share on the capital stock, to be paid on June 14, 1930, to stockholders of record as of the close of business Thursday, May 29, 1930. The stock transfer books will not be closed.

SIMMS PETROLEUM CO.,
By Alfred J. Williams, Treasurer.

May 1, 1930.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free upon request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES
We have available for distribution descriptive circular on all the Standard Oil issues. (219).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS
This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

THE BACHE REVIEW
By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

FOR INCOME BUILDERS
The booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

MAKING PROFITS IN SECURITIES
Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

CONSISTENT INVESTMENT SUCCESS
The sound investment principles followed by The Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in the interesting booklet. (413).

A 7% YIELD FROM FIRST MORTGAGES
on individual homes that do not exceed 50% of valuation is fully explained in a very attractive booklet—also how one may double his investment with absolute safety of principal in 10 years, 26 days. (415).

OUR BUSINESS
The small loan field as a profitable investment is fully described in a booklet issued by the National Cash Credit Association and entitled "Our Business." A copy will be forwarded without charge upon request. (449).

7% INSTALLMENT SAVING CERTIFICATES
of a Colorado building and loan association operating under strict state supervision—their investment features and why—are explained in an interesting folder. (467).

"WHAT IS THE CLASS A STOCK?"
An analysis of the Class A Stock of the Associated Gas & Electric Company, including charts, figures and descriptive information indicating the progress of the properties back of Associated securities. (492).

MARKET ACTION
is the title of a bulletin issued every week by a large financial service house, which will keep you advised of the opportunities offered with every turn of the market. Send for your complimentary copy today. (493).

TOBEY & KIRK MARKET LETTER
contains each week in addition to a resumé of the market some sound suggestions in specific investments. Send for your free copy. (498).

BONDS AND HOW TO BUY THEM
"Bonds and Stocks." "Classes of Bonds." "Factors of Bond Values." "How Bonds Differ and How to Select Them." These and other subjects of interest to the prospective purchaser of bonds are discussed in our booklet, "Bonds and How to Buy Them." Copy on request. (509).

FREE FOLDER
explains the advantages of guaranteed income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating—transferable—renewable and tax exempt. (526).

THE FRENCH PLAN
Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above-mentioned 72-page book. Send for your free copy. (643).

BYLLESBY NEWS BULLETIN
Issued weekly. Contains articles of interest regarding the properties controlled by H. M. Byllesby. Should be read regularly by every investor holding public utility securities. Send for a complimentary copy. (654).

GREATER AND QUICKER PROFIT
This interesting 12-page booklet, issued by the Investment Research Bureau, shows you just how to increase your stock market profits by turning your capital over at a faster pace than usually is possible by holding for the "long-pull"—or for several years. Send for your complimentary copy. (662).

IS IT IMPOSSIBLE?
is the title of an attractive booklet which will aid you in scientifically placing your funds into investment trust issues. Send for your copy today—it's free. (672.)

NATIONAL WATER WORKS SECURITIES
What is the future for the securities of this public utility? You can secure a satisfactory answer if you send today for 681.

INDUSTRIAL BANKING—ITS CONTRIBUTION TO MODERN BUSINESS
Every investor should read this important analysis of a branch of the banking industry in which safe and profitable investments are made. Send for booklet 684.

RUSSELL MILLER MARKET LETTER
will be gladly mailed to you upon request. Issued by Russell Miller & Co., members New York Stock Exchange, having offices on Pacific coast and in New York. Ask for 704.

INVESTMENT SHARES
is a booklet issued by a Texas building and loan association describing the various forms of investments issued. Under state supervision. Send for 708.

SOUTHWEST DAIRY PRODUCTS CO.
The 7% Cumulative Preferred Stock (with Conversion Privilege) of this Company is preferred as to assets and cumulative dividends. Balance sheet reflects net assets of over $200 for each share of preferred stock outstanding. Earnings for first 9 months of 1929 over 2.67 times preferred stock dividend requirements. Yield is about 7½% at present price. Write for circular 712.

A NEW ERA IN NATURAL GAS
is the name of a booklet recently issued by E. R. Diggs & Co., containing 20 pages of interesting information on this fastest growing utility—natural gas. Low cost and superiority as a fuel make certain a continuance of the trend to natural gas in American industries and homes. For now it can be brought to almost any community, however far from the source of supply. Ask for 721.

BELL TELEPHONE SECURITIES
is the title of a booklet containing investment suggestions for the careful investor. If you are interested in the securities of this important public utility, send for your free copy. (727).

THE FASCINATING STORY OF WALL STREET'S GREATEST SKYSCRAPER
An illustrated booklet describing the erection of the new 70-story Manhattan Company Building, New York; and Starrett Securities, which share in the ownership and profits of this building. Also contains a brief history of New York's skyscrapers from the earliest days. Copy on request. (730).

SOUND INVESTMENT SECURITIES
A. C. Allyn & Co. have prepared a list of carefully chosen, income-producing bonds and stocks to assist investors in the proper selection of sound investment securities. Send for your copy today. (732).

NORTH AMERICAN TRUST SHARES
The investment portfolio of North American Trust Shares, the largest fixed trust in the United States, is composed of shares of common stock of outstanding corporations, deposited with Guaranty Trust Company of New York, trustee. Inquiries invited from banks, trustees, institutions, dealers and investors. Send for literature 735.

LEFCOURT NATIONAL BANK & TRUST CO.
A sixteen-page brochure, describing the history, management, progress and prospects, has been prepared by Normandie National Securities Corporation. Copy gladly mailed upon request. (738).

THE OUTLOOK FOR THE OIL INDUSTRY
The firm of Samuel Ungerleider & Co. has prepared a four-page circular containing a comprehensive analysis of the oil industry together with important information on each of the more important oil companies. Send for your free copy. (743).

THE BORDEN COMPANY
Goodbody & Co. have recently prepared a circular regarding The Borden Company, which shall be gladly sent upon request. (744).

AUTO STROP SAFETY RAZOR COMPANY
A. G. Becker & Co. offers a special circular indicating the position of the Convertible Class A Stock of this Company, listed on the New York Stock Exchange. Net income of the Company for the first quarter of 1930 represented an increase of 56% over earnings for the same period of 1929. Important current developments indicate that this stock is an interesting investment at present levels. Send today for 745.

BETHLEHEM STEEL CORPORATION
The current Weekly Review issued by Prince & Whitely analyzes the securities of this corporation. Send for 746.

PAINE WEBBER INVESTMENT REVIEW
The current semi-monthly issue discusses commodity prices, money rates and stock prices. A copy will be sent upon request. (747).

FOX FILM CORPORATION
A new offering of secured 6% Gold Notes, due April 15, 1931, is offered by Halsey, Stuart & Co., Inc., at 100 and interest. Made subject to conditions fully set forth in complete descriptive circular which will be mailed upon request. (748).


FELL
"COMING EVENTS CAST THEIR SHADOWS BEFORE"
[Thomas Campbell, 1777-1844]
AVOID THAT FUTURE SHADOW
by refraining from over-indulgence
We do not represent that smoking Lucky Strike Cigarettes will cause the reduction of flesh. We do declare that when tempted to do yourself too well, if you will "Reach for a Lucky" instead, you will thus avoid over-indulgence in things that cause excess weight and, by avoiding over-indulgence, maintain a trim figure.
TWENTY'S
CIGARETTES
When Tempted
Reach
for a
LUCKY
instead
"It's toasted"
©1930, The American Tobacco Co., Manufacturers
Your Throat Protection—against irritation—against cough.